

Fiscal Year 2005 General Education Entitlement

NOVEMBER 2004 FORECAST				
		AID	LEVY	TOTAL
TOTAL REVENUE	A. BASIC	4,382,134,993	0	4,382,134,993
	B. EXTENDED TIME	48,492,377	0	48,492,377
	C. BASIC SKILLS			
	* COMPENSATORY	265,644,764	0	265,644,764
	* TOT LEP	29,199,720	0	29,199,720
	* LEP CONCENTRATION	7,720,234	0	7,720,234
	* AOM	0	0	0
	D. SPARSITY	16,861,524	0	16,861,524
	E. TRANSPORT SPARSITY	55,663,284	0	55,663,284
	F. OPER CAPITAL	153,428,170	39,903,161	193,331,331
	G. TRAIN & EXPER	14,183,698	0	14,183,698
	H. EQUITY	18,989,507	22,292,845	41,282,352
	I. REDUCTION	0	0	0
	J. A THROUGH I	4,992,318,271	62,196,006	5,054,514,277
	K. TRANSITION	12,679,807	18,089,647	30,769,454
	L. SUPPLEMENTAL	0	0	0
	M. REFERENDUM	114,505,218	381,095,589	504,304,807
N. TAX BASE REPL	8,704,000	0	0	
O. ALT ATT ADJ	2,147,993	0	2,147,993	
P. J+K+M+N+O	5,130,355,289	461,381,242	5,591,736,531	

GOVERNOR'S RECOMMENDATION				
		AID	LEVY	TOTAL
TOTAL REVENUE	A. BASIC	4,382,134,993	0	4,382,134,993
	B. EXTENDED TIME	48,492,377	0	48,492,377
	C. BASIC SKILLS			
	* COMPENSATORY	265,644,764	0	265,644,764
	* TOT LEP	29,199,720	0	29,199,720
	* LEP CONCENTRATION	7,720,234	0	7,720,234
	* AOM	0	0	0
	D. SPARSITY	16,861,524	0	16,861,524
	E. TRANSPORT SPARSITY	55,663,284	0	55,663,284
	F. OPER CAPITAL	153,428,170	39,903,161	193,331,331
	G. TRAIN & EXPER	14,183,698	0	14,183,698
	H. EQUITY	18,989,507	22,292,845	41,282,352
	I. REDUCTION	0	0	0
	J. A THROUGH I	4,992,318,271	62,196,006	5,054,514,277
	K. TRANSITION	12,679,807	18,089,647	30,769,454
	L. SUPPLEMENTAL	0	0	0
	M. REFERENDUM	114,505,218	381,095,589	504,304,807
N. TAX BASE REPL	8,704,000	0	0	
O. ALT ATT ADJ	2,147,993	0	2,147,993	
P. J+K+M+N+O	5,130,355,289	461,381,242	5,591,736,531	

DIFFERENCE				
		AID	LEVY	TOTAL
TOTAL REVENUE	A. BASIC	0	0	0
	B. EXTENDED TIME	0	0	0
	C. BASIC SKILLS			
	* COMPENSATORY	0	0	0
	* TOT LEP	0	0	0
	* LEP CONCENTRATION	0	0	0
	* AOM	0	0	0
	D. SPARSITY	0	0	0
	E. TRANSPORT SPARSITY	0	0	0
	F. OPER CAPITAL	0	0	0
	G. TRAIN & EXPER	0	0	0
	H. EQUITY	0	0	0
	I. REDUCTION	0	0	0
	J. A THROUGH I	0	0	0
	K. TRANSITION	0	0	0
	L. SUPPLEMENTAL	0	0	0
	M. REFERENDUM	0	0	0
N. TAX BASE REPL	0	0	0	
O. ALT ATT ADJ	0	0	0	
P. J+K+M+N+O	0	0	0	

Fiscal Year 2006 General Education Entitlement

NOVEMBER 2004 FORECAST				
	AID	LEVY	TOTAL	
TOTAL REVENUE	A. BASIC	4,363,689,421	0	4,363,689,421
	B. EXTENDED TIME	47,461,158	0	47,461,158
	C. BASIC SKILLS			
	* COMPENSATORY	265,610,524	0	265,610,524
	* TOT LEP	29,040,534	0	29,040,534
	* LEP CONCENTRATION	7,750,344	0	7,750,344
	* AOM	0	0	0
	D. SPARSITY	17,231,795	0	17,231,795
	E. TRANSPORT SPARSITY	55,281,569	0	55,281,569
	F. OPER CAPITAL	148,368,455	44,080,852	192,449,307
	G. TRAIN & EXPER	10,582,333	0	10,582,333
	H. EQUITY	16,570,632	24,933,319	41,503,951
	I. REDUCTION	0	0	0
	J. A THROUGH I	4,961,586,765	69,014,171	5,030,600,936
	K. TRANSITION	10,327,432	19,596,409	29,923,841
	L. MISC. LEVY REPL EQZTN.	0	0	0
	M. REFERENDUM	110,499,779	410,591,972	529,795,751
	N. TAX BASE REPL	8,704,000	0	0
	O. ALT ATT ADJ	3,089,014	0	3,089,014
	P. J+K+M+N+O	5,094,206,990	499,202,552	5,593,409,542

GOVERNOR'S RECOMMENDATION				
	AID	LEVY	TOTAL	
TOTAL REVENUE	A. BASIC	4,450,944,237	0	4,450,944,237
	B. EXTENDED TIME	48,410,181	0	48,410,181
	C. BASIC SKILLS			
	* COMPENSATORY	271,448,118	0	271,448,118
	* TOT LEP	29,040,534	0	29,040,534
	* LEP CONCENTRATION	7,750,344	0	7,750,344
	* AOM	0	0	0
	D. SPARSITY	17,576,356	0	17,576,356
	E. TRANSPORT SPARSITY	56,386,964	0	56,386,964
	F. OPER CAPITAL	148,368,455	44,080,852	192,449,307
	G. TRAIN & EXPER	10,582,333	0	10,582,333
	H. EQUITY	16,570,585	24,933,257	41,503,842
	I. REDUCTION	0	0	0
	J. A THROUGH I	5,057,078,107	69,014,109	5,126,092,216
	K. TRANSITION	11,994,721	24,298,121	36,292,842
	L. MISC. LEVY REPL EQZTN.	0	0	0
	M. REFERENDUM	110,528,243	410,563,746	529,795,989
	N. TAX BASE REPL	8,704,000	0	0
	O. ALT ATT ADJ	3,141,579	0	3,141,579
	P. J+K+M+N+O	5,191,446,650	503,875,976	5,695,322,626

DIFFERENCE				
	AID	LEVY	TOTAL	
TOTAL REVENUE	A. BASIC	87,254,816	0	87,254,816
	B. EXTENDED TIME	949,023	0	949,023
	C. BASIC SKILLS			
	* COMPENSATORY	5,837,594	0	5,837,594
	* TOT LEP	0	0	0
	* LEP CONCENTRATION	0	0	0
	* AOM	0	0	0
	D. SPARSITY	344,561	0	344,561
	E. TRANSPORT SPARSITY	1,105,395	0	1,105,395
	F. OPER CAPITAL	0	0	0
	G. TRAIN & EXPER	0	0	0
	H. EQUITY	(47)	(62)	(109)
	I. REDUCTION	0	0	0
	J. A THROUGH I	95,491,342	(62)	95,491,280
	K. TRANSITION	1,667,289	4,701,712	6,369,001
	L. MISC. LEVY REPL EQZTN.	0	0	0
	M. REFERENDUM	28,464	(28,226)	238
	N. TAX BASE REPL	0	0	0
	O. ALT ATT ADJ	52,565	0	52,565
	P. J+K+M+N+O	97,239,660	4,673,424	101,913,084

Fiscal Year 2007 General Education Entitlement

NOVEMBER 2004 FORECAST				
		AID	LEVY	TOTAL
TOTAL REVENUE	A. BASIC	4,348,479,747	0	4,348,479,747
	B. EXTENDED TIME	47,823,764	0	47,823,764
	C. BASIC SKILLS			
	* COMPENSATORY	263,496,172	0	263,496,172
	* TOT LEP	28,879,645	0	28,879,645
	* LEP CONCENTRATION	7,834,086	0	7,834,086
	* AOM	0	0	0
	D. SPARSITY	17,734,388	0	17,734,388
	E. TRANSPORT SPARSITY	54,734,173	0	54,734,173
	F. OPER CAPITAL	141,204,269	50,528,532	191,732,801
	G. TRAIN & EXPER	8,002,278	0	8,002,278
	H. EQUITY	13,521,768	27,844,134	41,365,902
	I. REDUCTION	0	0	0
	J. A THROUGH I	4,931,710,290	78,372,666	5,010,082,956
	K. TRANSITION	7,990,491	21,330,174	29,320,665
	L. MISC. LEVY REPL EQZTN.	0	0	0
	M. REFERENDUM	91,317,490	493,282,269	593,303,759
N. TAX BASE REPL	8,704,000	0	0	
O. ALT ATT ADJ	3,732,803	0	3,732,803	
P. J+K+M+N+O	5,043,455,074	592,985,109	5,636,440,183	

GOVERNOR'S RECOMMENDATION				
		AID	LEVY	TOTAL
TOTAL REVENUE	A. BASIC	4,477,452,405	0	4,477,452,405
	B. EXTENDED TIME	49,766,674	0	49,766,674
	C. BASIC SKILLS			
	* COMPENSATORY	276,211,466	0	276,211,466
	* TOT LEP	28,971,421	0	28,971,421
	* LEP CONCENTRATION	7,834,086	0	7,834,086
	* AOM	0	0	0
	D. SPARSITY	18,457,390	0	18,457,390
	E. TRANSPORT SPARSITY	54,186,768	0	54,186,768
	F. OPER CAPITAL	141,286,091	50,762,369	192,048,460
	G. TRAIN & EXPER	1,230,969	6,820,832	8,051,801
	H. EQUITY	14,779,825	27,565,165	42,344,990
	I. REDUCTION	0	0	0
	J. A THROUGH I	5,070,177,095	85,148,366	5,155,325,461
	K. TRANSITION	10,313,569	36,770,165	47,083,734
	L. MISC. LEVY REPL EQZTN.	16,555,403	99,740,562	116,295,965
	M. REFERENDUM	91,799,688	502,106,465	602,618,866
N. TAX BASE REPL	8,712,713	0	0	
O. ALT ATT ADJ	3,973,092	0	3,973,092	
P. J+K+M+N+O	5,201,531,560	723,765,558	5,925,297,118	

DIFFERENCE				
		AID	LEVY	TOTAL
TOTAL REVENUE	A. BASIC	128,972,658	0	128,972,658
	B. EXTENDED TIME	1,942,910	0	1,942,910
	C. BASIC SKILLS			
	* COMPENSATORY	12,715,294	0	12,715,294
	* TOT LEP	91,776	0	91,776
	* LEP CONCENTRATION	0	0	0
	* AOM	0	0	0
	D. SPARSITY	723,002	0	723,002
	E. TRANSPORT SPARSITY	(547,405)	0	(547,405)
	F. OPER CAPITAL	81,822	233,837	315,659
	G. TRAIN & EXPER	(6,771,309)	6,820,832	49,523
	H. EQUITY	1,258,057	(278,969)	979,088
	I. REDUCTION	0	0	0
	J. A THROUGH I	138,466,805	6,775,700	145,242,505
	K. TRANSITION	2,323,078	15,439,991	17,763,069
	L. MISC. LEVY REPL EQZTN.	16,555,403	99,740,562	116,295,965
	M. REFERENDUM	482,198	8,824,196	9,315,107
N. TAX BASE REPL	8,713	0	0	
O. ALT ATT ADJ	240,289	0	240,289	
P. J+K+M+N+O	158,076,486	130,780,449	288,856,935	

Fiscal Year 2008 General Education Entitlement

NOVEMBER 2004 FORECAST				
	AID	LEVY	TOTAL	
TOTAL REVENUE	A. BASIC	4,330,358,543	0	4,330,358,543
	B. EXTENDED TIME	46,781,818	0	46,781,818
	C. BASIC SKILLS			
	* COMPENSATORY	264,798,423	0	264,798,423
	* TOT LEP	28,720,108	0	28,720,108
	* LEP CONCENTRATION	7,830,136	0	7,830,136
	* AOM	0	0	0
	D. SPARSITY	18,284,421	0	18,284,421
	E. TRANSPORT SPARSITY	54,124,860	0	54,124,860
	F. OPER CAPITAL	134,476,258	56,409,110	190,885,368
	G. TRAIN & EXPER	5,835,452	0	5,835,452
	H. EQUITY	11,348,672	30,325,156	41,673,828
	I. REDUCTION	0	0	0
	J. A THROUGH I	4,902,558,691	86,734,266	4,989,292,957
	K. TRANSITION	6,205,408	22,462,825	28,668,233
	L. MISC. LEVY REPL EQZTN.	0	0	0
	M. REFERENDUM	70,660,802	546,708,584	626,073,386
N. TAX BASE REPL	8,704,000	0	0	
O. ALT ATT ADJ	3,907,210	0	3,907,210	
P. J+K+M+N+O	4,992,036,111	655,905,675	5,647,941,786	

GOVERNOR'S RECOMMENDATION				
	AID	LEVY	TOTAL	
TOTAL REVENUE	A. BASIC	4,457,015,868	0	4,457,015,868
	B. EXTENDED TIME	49,682,559	0	49,682,559
	C. BASIC SKILLS			
	* COMPENSATORY	277,576,559	0	277,576,559
	* TOT LEP	28,884,222	0	28,884,222
	* LEP CONCENTRATION	7,830,136	0	7,830,136
	* AOM	0	0	0
	D. SPARSITY	19,030,816	0	19,030,816
	E. TRANSPORT SPARSITY	53,630,546	0	53,630,546
	F. OPER CAPITAL	134,624,269	56,674,229	191,298,498
	G. TRAIN & EXPER	684,315	5,189,799	5,874,114
	H. EQUITY	12,271,883	29,793,361	42,065,244
	I. REDUCTION	0	0	0
	J. A THROUGH I	5,041,231,173	91,657,389	5,132,888,562
	K. TRANSITION	7,729,765	38,321,641	46,051,406
	L. MISC. LEVY REPL EQZTN.	12,220,292	103,275,252	115,495,544
	M. REFERENDUM	71,287,921	554,216,273	634,217,087
N. TAX BASE REPL	8,712,893	0	0	
O. ALT ATT ADJ	4,157,843	0	4,157,843	
P. J+K+M+N+O	5,145,339,887	787,470,555	5,932,810,442	

DIFFERENCE				
	AID	LEVY	TOTAL	
TOTAL REVENUE	A. BASIC	126,657,325	0	126,657,325
	B. EXTENDED TIME	2,900,741	0	2,900,741
	C. BASIC SKILLS			
	* COMPENSATORY	12,778,136	0	12,778,136
	* TOT LEP	164,114	0	164,114
	* LEP CONCENTRATION	0	0	0
	* AOM	0	0	0
	D. SPARSITY	746,395	0	746,395
	E. TRANSPORT SPARSITY	(494,314)	0	(494,314)
	F. OPER CAPITAL	148,011	265,119	413,130
	G. TRAIN & EXPER	(5,151,137)	5,189,799	38,662
	H. EQUITY	923,211	(531,795)	391,416
	I. REDUCTION	0	0	0
	J. A THROUGH I	138,672,482	4,923,123	143,595,605
	K. TRANSITION	1,524,357	15,858,816	17,383,173
	L. MISC. LEVY REPL EQZTN.	12,220,292	103,275,252	115,495,544
	M. REFERENDUM	627,119	7,507,689	8,143,701
N. TAX BASE REPL	8,893	0	0	
O. ALT ATT ADJ	250,633	0	250,633	
P. J+K+M+N+O	153,303,776	131,564,880	284,868,656	

Fiscal Year 2009 General Education Entitlement

NOVEMBER 2004 FORECAST				
		AID	LEVY	TOTAL
TOTAL REVENUE	A. BASIC	4,306,968,294	0	4,306,968,294
	B. EXTENDED TIME	46,573,530	0	46,573,530
	C. BASIC SKILLS			
	* COMPENSATORY	264,081,592	0	264,081,592
	* TOT LEP	28,602,124	0	28,602,124
	* LEP CONCENTRATION	7,825,032	0	7,825,032
	* AOM	0	0	0
	D. SPARSITY	19,085,613	0	19,085,613
	E. TRANSPORT SPARSITY	53,537,721	0	53,537,721
	F. OPER CAPITAL	126,907,679	62,915,037	189,822,716
	G. TRAIN & EXPER	4,320,219	0	4,320,219
	H. EQUITY	10,397,505	33,993,674	44,391,179
	I. REDUCTION	0	0	0
	J. A THROUGH I	4,868,299,309	96,908,711	4,965,208,020
	K. TRANSITION	0	0	0
	L. MISC. LEVY REPL EQZTN.	0	0	0
	M. REFERENDUM	57,596,497	649,313,479	715,613,976
	N. TAX BASE REPL	8,704,000	0	0
O. ALT ATT ADJ	4,019,975	0	4,019,975	
P. J+K+M+N+O	4,938,619,781	746,222,190	5,684,841,971	

GOVERNOR'S RECOMMENDATION				
		AID	LEVY	TOTAL
TOTAL REVENUE	A. BASIC	4,432,766,055	0	4,432,766,055
	B. EXTENDED TIME	49,520,131	0	49,520,131
	C. BASIC SKILLS			
	* COMPENSATORY	276,825,137	0	276,825,137
	* TOT LEP	28,765,565	0	28,765,565
	* LEP CONCENTRATION	7,825,032	0	7,825,032
	* AOM	0	0	0
	D. SPARSITY	19,865,466	0	19,865,466
	E. TRANSPORT SPARSITY	53,097,808	0	53,097,808
	F. OPER CAPITAL	127,190,649	63,224,338	190,414,987
	G. TRAIN & EXPER	420,562	3,932,845	4,353,407
	H. EQUITY	9,968,236	31,811,448	41,779,684
	I. REDUCTION	0	0	0
	J. A THROUGH I	5,006,244,641	98,968,631	5,105,213,272
	K. TRANSITION	5,298,496	39,704,358	45,002,854
	L. MISC. LEVY REPL EQZTN.	8,995,313	105,574,321	114,569,634
	M. REFERENDUM	56,008,059	631,565,719	696,284,729
	N. TAX BASE REPL	8,710,951	0	0
O. ALT ATT ADJ	4,213,404	0	4,213,404	
P. J+K+M+N+O	5,089,470,864	875,813,029	5,965,283,893	

DIFFERENCE				
		AID	LEVY	TOTAL
TOTAL REVENUE	A. BASIC	125,797,761	0	125,797,761
	B. EXTENDED TIME	2,946,601	0	2,946,601
	C. BASIC SKILLS			
	* COMPENSATORY	12,743,545	0	12,743,545
	* TOT LEP	163,441	0	163,441
	* LEP CONCENTRATION	0	0	0
	* AOM	0	0	0
	D. SPARSITY	779,853	0	779,853
	E. TRANSPORT SPARSITY	(439,913)	0	(439,913)
	F. OPER CAPITAL	282,970	309,301	592,271
	G. TRAIN & EXPER	(3,899,657)	3,932,845	33,188
	H. EQUITY	(429,269)	(2,182,226)	(2,611,495)
	I. REDUCTION	0	0	0
	J. A THROUGH I	137,945,332	2,059,920	140,005,252
	K. TRANSITION	5,298,496	39,704,358	45,002,854
	L. MISC. LEVY REPL EQZTN.	8,995,313	105,574,321	114,569,634
	M. REFERENDUM	(1,588,438)	(17,747,760)	(19,329,247)
	N. TAX BASE REPL	6,951	0	0
O. ALT ATT ADJ	193,429	0	193,429	
P. J+K+M+N+O	150,851,083	129,590,839	280,441,922	

MASA'S INITIAL REACTIONS TO THE GOVERNOR'S K-12 EDUCATION
PROPOSALS
FEBRUARY, 2005

6 MAIN POINTS:

1) Level of new funding

**** Too small to provide real financial relief. Barely paces with inflation in the first year. Produces an uneven result in the second year**

2) Formula simplification effort and de-linking

**** Effort to simplify by going to the 1.0 weighting for all students and then putting a special funding supplement for secondary students seems equally as complex**

**** Puts every piece of the funding formula into play**

**** De-Linking: Could argue that some funding streams should be de-linked from the formula, but not all of them. Ex: Integration de-linked; Secondary formula linked**

3) Reliance on Discretionary levies

**** Will produce an uneven set of funding levels from district to district based on local conditions**

**** Doesn't take into account the debt load presently carried by differing districts**

**** Reverse referendum strategy will cause many, many elections across the state. Consequence is that Boards and Superintendents will do hardly anything but conduct elections. Unintended consequence—State and legislature will be blamed constantly for the need for the local levies and elections**

**** Alternative idea: Instead of so many discretionary levies, rather create a statewide general education basic levy to provide about 20% of the basic funding for schools. Would provide equal effort and equal funding for all. Would provide a stable underpinning for education funding**

4) Encouragement of Administrative efficiency

**** Good idea**

**** Shouldn't really cost more to do this, but reality is that school districts will need at least a little encouragement to break existing molds**

5) Promotion of College courses in High School's

**** Very good idea. MASA would support this concept as it is shaped further by the legislature**

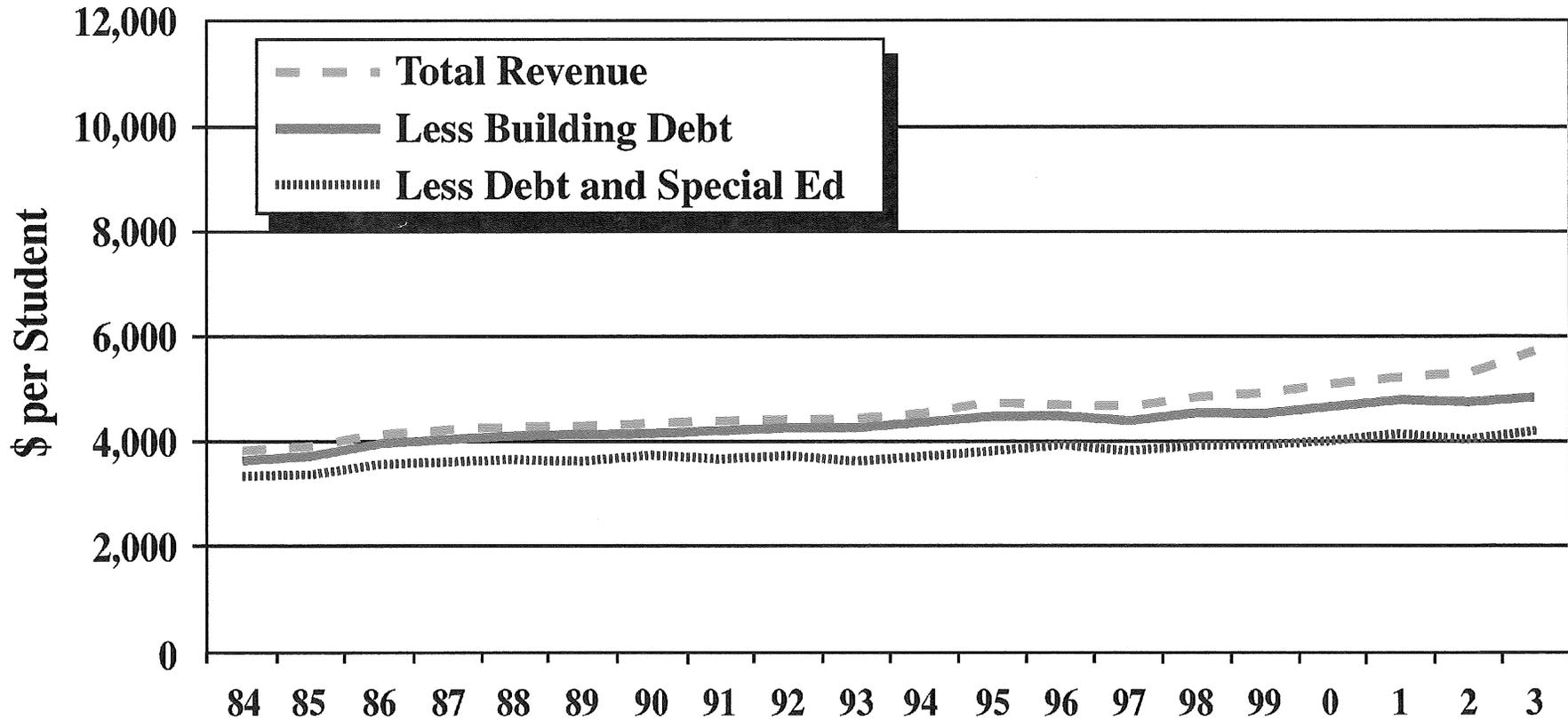
6) Q-Comp

**** The part of this that will really drive improvement is the differentiated teaching assignments (and related pay and assignments) with a heavy emphasis on internal improvement commitments by the staffs and principals**

**** The performance bonuses are actually the least important part of this plan**

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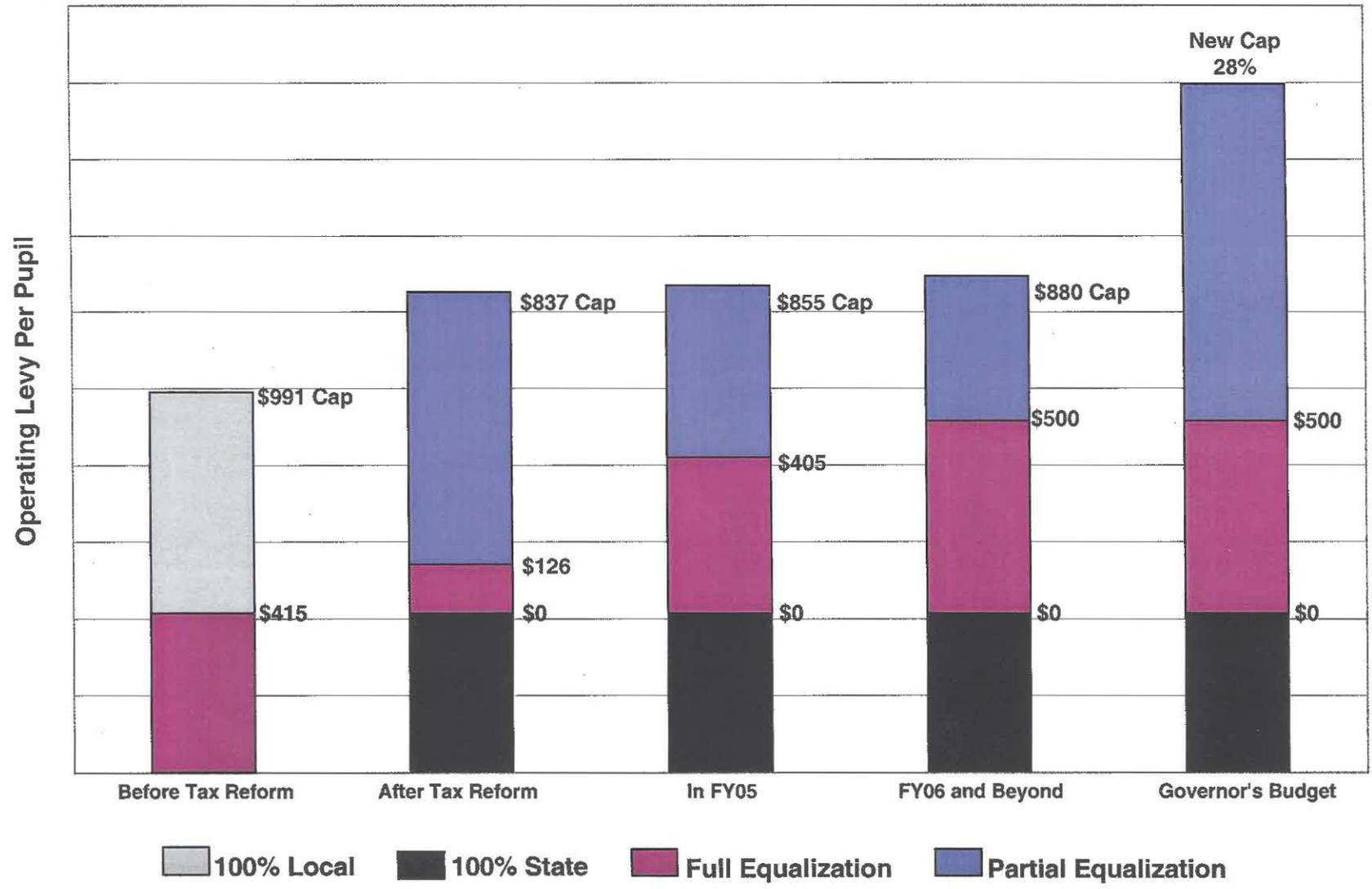
FUNDING FOR STUDENTS FLAT



HANDOUT # 3

After adjusting for inflation and removing special education and building debt, total revenue per student has not increased.

Governor Increases Operating Levies by Raising the Cap



Schools for Equity in Education...

2005 Legislative Platform

Schools for Equity in Education is committed to working with state leaders and legislators to address critical issues facing our public schools. We believe that all public school children must have equal high quality educational opportunities regardless of where they live in the State of Minnesota. To accomplish this goal, SEE advocates the following positions for legislative consideration:

- 1. Develop a funding formula that is standards-based and will truly meet the needs of all Minnesota students.**

New academic standards and testing requirements are focused on higher student achievement for all students. Our funding formulas must reflect the high expectations resulting from these efforts—at the federal, state, and local levels—and address the disparity between current revenue levels and revenue necessary to reach optimum achievement levels for all students. The ultimate goal must not be to simply meet minimal requirements, but to provide school districts with the revenue needed to make certain each student has access to the courses and activities that will prepare them to compete successfully in the global economy of the 21st century. As increasingly steep costs of complying with federal and state law in the areas of assessment and special education are forcing school districts to divert funds from programs that support excellence, achievement, and accountability, it is critical that these cost drivers be either funded or eased as a new formula framework is developed.

- 2. Enact measures that provide greater funding in the short term while a standards-based formula is being developed.**

School districts throughout Minnesota have suffered for the past three years from flat state funding. The basic component of the general education revenue formula should be increased by at least \$250 per pupil unit in each year of the biennium. The state should also provide local school boards with fully equalized, specific-purpose levy authority in such areas as student transportation, capital expenditures, career and technical programs, retiree health care, all-day kindergarten, and special education, while developing and identifying funding for the new standards-based formula. This levy authority should only remain in place until a new funding formula that truly meets Minnesota school districts' revenue needs is established and fully funded.

- 3. Reaffirm that school buildings, technology, and capital expenditures are vital parts of the educational process and provide equitable funding mechanisms to ensure quality learning environments that are safe and secure.**

Funding methods for facility and technology needs must be sufficient for all Minnesota school districts. If funded by local property taxes, they must also be fully equalized. Eligibility for the alternative facilities program should be opened to all school districts. This valuable program is currently available to a limited number of districts. As technology becomes increasingly vital to instruction, accountability, and efficiency, all districts need access to funding for ongoing technology needs.

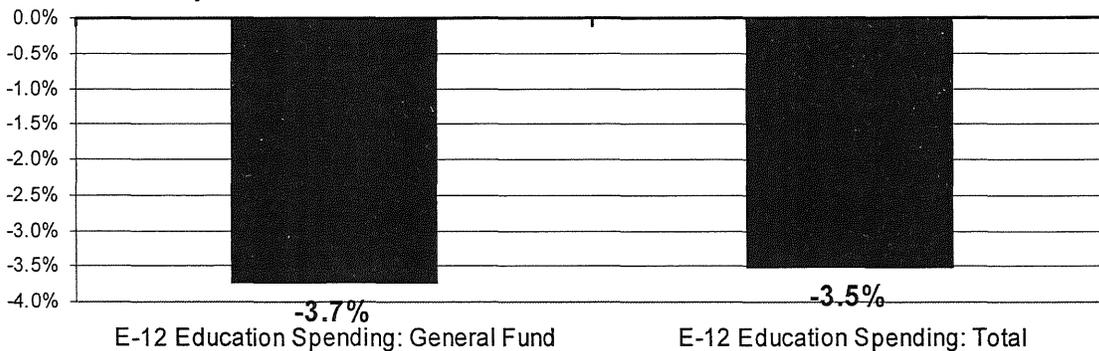
- 4. Continue commitment to property tax equity by equalizing property tax levies that are currently not equalized.**

Greater funding should not come at the expense of taxpayer fairness. If additional levy authority is granted to local school boards, it should be done in a manner that does not make the relative tax burdens between property owners in different school districts more unfair. The referendum and debt service equalizing factors, which have not been adjusted since 1993, should be adjusted to reflect inflation. This will protect taxpayers in low property wealth school districts and ensure greater fairness throughout Minnesota's education funding system.

HANDOUT # 5

State E-12 revenues are also declining in real dollars per pupil.

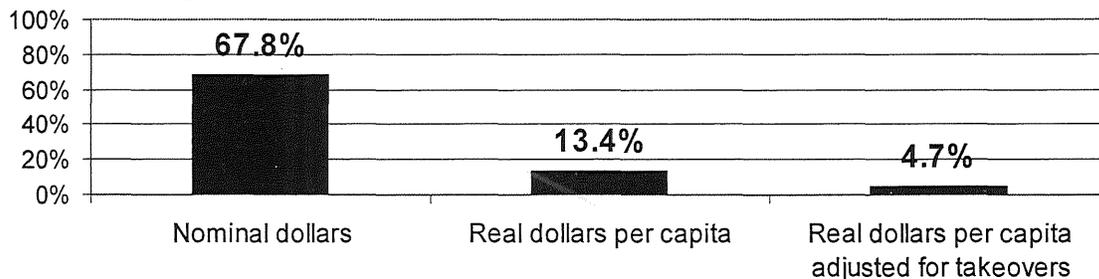
Percent Change in Total and State General Fund E-12 Expenditures in Real (i.e., inflation adjusted) Dollars Per Pupil from FY 04-05 Biennium to FY 06-07 Biennium



- The Governor has attempted to justify the meager funding for E-12 education in his budget by citing declining enrollment. However, even after taking enrollment decline into account, total state general fund spending in real dollars per pupil is declining by 3.7% from FY 04-05 to FY 06-07 under the Governor's budget.
- "All fund" E-12 education spending will decline by 3.5% from FY 04-05 to FY 06-07 under the Governor's budget.

State general fund spending has not "nearly doubled" since the FY 1994-95 biennium.

Growth in Minnesota General Fund Expenditures from FY 1994-95 to FY 2004-05

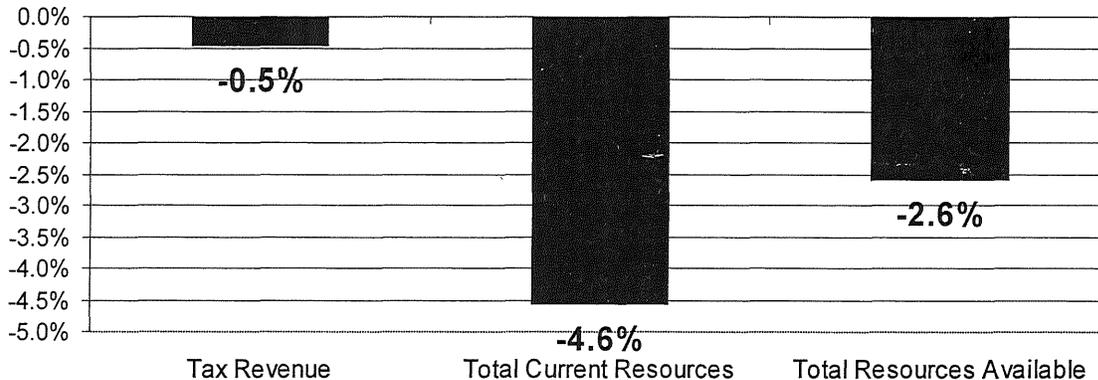


- The administration's claim that "general fund spending has nearly doubled" since FY 1994-95 is incorrect. In nominal dollars, general fund spending has grown by 67.8%—a far cry from doubling.
- Most of this 67.8% growth is due to inflation and population growth. In real dollars per capita, growth in the state general fund is 13.4%.
- After adjusting for the state takeover of general education and transit, total general fund spending grew by just 4.7%—which is an average annual growth rate of less than one-half of one percent.
- The Governor correctly notes that Minnesota state taxes are third highest in the nation. However, state taxes comprise only one-third of total state and local government revenue. A better measure of the true size of government is total state and local government revenue as a percentage of personal income. On this measure, Minnesota ranks 24th among the fifty states.

General Fund, School Spending Shrink Under the Governor's Budget

Total real per capita state general fund revenue under the Governor's budget will decline from FY 2004-05 to FY 2006-07.

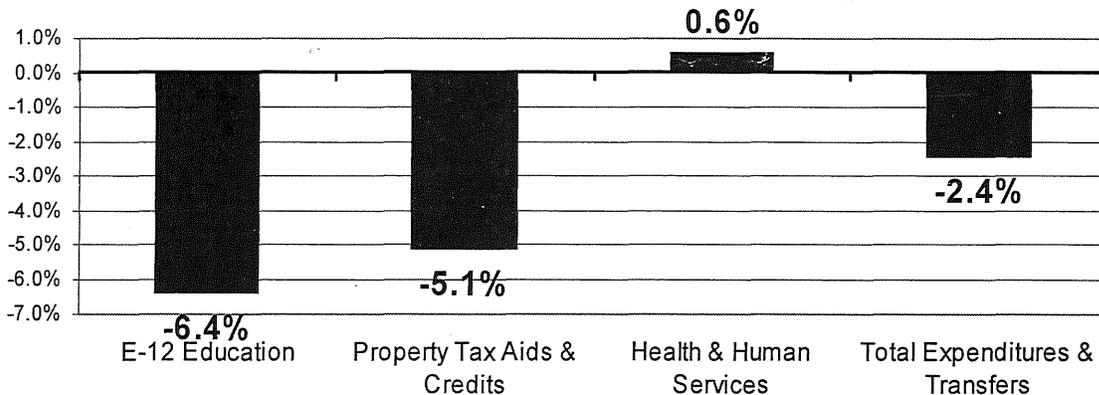
Percent Change in State General Fund Revenues in Real (i.e., inflation adjusted) Dollars Per Capita from FY 04-05 Biennium to FY 06-07 Biennium



- Inflation adjustments in these graphs are based on the implicit price deflator (IPD) for state and local government purchases. This is the measure of inflation that the Governor's chief of staff has urged using when dealing with state and local government spending. The rate of inflation from FY 04-05 to FY 06-07 as measured by the IPD is 6.15%.
- Tax revenues, general fund current resources, and total general fund resources available are all declining in real dollars per capita under the Governor's budget.

Total real per capita general fund spending is also declining.

Percent Change in State General Fund Expenditures in Real (i.e., inflation adjusted) Dollars Per Capita from FY 04-05 Biennium to FY 06-07 Biennium



- E-12 education, property tax aids and credits, and health and human services are the three largest categories of state spending. While E-12 education and property tax aids and credits drop significantly, health and human services is growing by 0.6% in real dollars per capita from FY 04-05 to FY 06-07 under the Governor's budget.
- Total general fund spending is declining by 2.4% from FY 04-05 to FY 06-07 under the Governor's budget.