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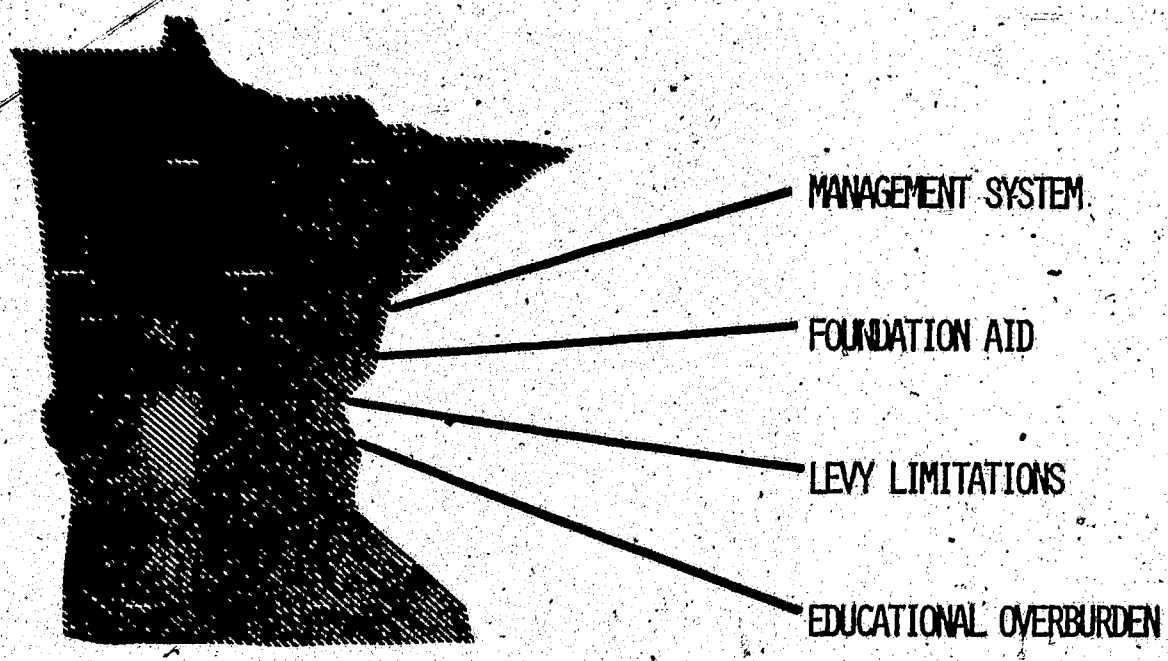
ABSTRACT

This report consists mainly of four separate issue papers, each prepared by an individual committee of the Minnesota School Task Force. Topics of the papers include educational management systems, Minnesota's state foundation aid program, school tax levy limitations, and educational overburden. In addition to the issue papers, the report also contains some additional comments and dissenting remarks prepared by individual members of the task force. Each issue paper contains a study summary, the committee's recommendations for action, and a discussion of the problem areas. The foundation aid and levy limitation papers each have an appendix of relevant statistical data. Each of the issue papers is organized so that the casual reader can get the gist of the paper by reading the first few pages of it. (Author/JG)

ISSUE PAPERS IN SCHOOL FINANCE



A REPORT TO THE STATE BOARD OF EDUCATION

SUBMITTED BY THE

SCHOOL FINANCE TASK FORCE

SEPTEMBER, 1974

ISSUE PAPERS IN SCHOOL FINANCE

A REPORT TO THE STATE BOARD OF EDUCATION

Submitted by the

SCHOOL FINANCE TASK FORCE

Dr. Van D. Mueller, Chairman

Study Coordinators:

Dr. Gayle H. Anderson
Dr. Jerome Q. Webster

Division of Planning and Development
Minnesota Department of Education

September, 1974

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INTRODUCTION

In 1971 lawmakers in Minnesota made some significant changes in the method by which the state's elementary and secondary schools are financed. Further changes were made in 1973 and 1974. In general the effect of these changes was to:

(a) substantially increase state support for school districts operating or maintenance costs,

(b) make the financing of elementary and secondary schools less reliant on property taxes,

(c) equalize the burden of school support and the amount of money available among the school districts of the state, and

(d) regulate the total state and local income available to each school district unless a referendum is passed.

THE 1972 TASK FORCE

The great diversity among school districts in Minnesota makes it extremely difficult to determine in advance the effect that changes of the magnitude of those indicated above may have on the school districts of the state. Recognizing this the Commissioner and State Board of Education established a school finance task force in January 1972 to assess the impact of the 1971 changes and make recommendations for revisions where it was thought to be necessary. This task force completed its study and reported in time for its recommendations to be considered by the Governor and Legislature in 1973.

THE 1974 TASK FORCE

Further changes in the laws regulating school financing in 1973 and a continuing concern about the impact of these laws on the school districts of the state led to the establishment of a second school finance task force by the Commissioner of Education in October 1973. This task force was charged by the Commissioner to:

(1) select a limited number of finance related issues for study,

(2) produce an issue paper concerning each of these study areas, and

(3) assist in informing the legislature and the public of the identified problem and of methods for resolution.

ESTABLISHMENT OF THE 1974 TASK FORCE

Selected for membership on this task force were:

Mr. Salisbury Adams, House of Representatives
Mr. Richard Allen, Member, Minneapolis School Board
Mr. Jerald Anderson, State Senate
Mr. Robert Arnold, Minnesota Elementary Principal's Association
Mr. Robert Bonine, Assistant Executive Director, Hill Family Foundation
Mr. Richard Bragg, Minnesota Association of Commerce and Industry
Mr. Duane Carlson, Administrative Assistant to Superintendent, Moorhead
Mr. Michael Cullen, Director, Willmar Area Vocational-Technical School
Dr. John Feda, Superintendent, Marshall
Dr. Dean Fritze, Superintendent, Hayfield
Mr. A.L. Gallop, Executive Secretary, Minnesota Education Association
Mr. Joseph Graba, House of Representatives
Mr. Larry Harris, Special Assistant to the Superintendent, Urban Affairs, Minneapolis
Mr. Dean Honetschlager, State Planning Agency
Dr. Erling O. Johnson, Superintendent, Anoka
Mr. Richard Kauffman, Director, Special Education, Richfield
Mr. Ron Kennedy, Vice-President of Public Relations, Peavey Company
Dr. William Knaak, Superintendent, 916 Area Vocational-Technical Institute
Mr. Michael Kuntz, Superintendent, Jackson
Ms. Jo Malmsten, Legislative Chairperson, State Parent, Teachers, Student Association
Mr. Gene Mammenga, Assistant to the Superintendent, Urban Affairs, St. Paul
Mr. David Meade, Executive Secretary, Minnesota Association of Secondary Principals
Ms. Charlotte Mitau, Chairperson, School Board, St. Paul

Dr. Van Mueller, Chairperson, Division of Educational Administration, University of Minnesota
~~Ms. Ruth Myers, Member, School Board, Duluth~~
Dr. Lloyd Nielsen, Superintendent, Roseville
~~Ms. Sally Olsen, Member, School Board, St. Louis Park~~
Mr. Joseph O'Neill, State Senate
~~Mr. Bernard Pirjevec, Business Manager, Burnsville~~
Ms. Mary Jo Richardson, Member, State Board of Education
Mr. Lew Wermager, Executive Secretary, Minnesota Association of School Administrators (deceased) replaced by Dr. John Maas
Mr. William Wettergren, Executive Secretary, Minnesota School Boards Association
Mr. Henry Winkels, Minnesota Federation of Teachers

The following personnel from the Department of Education were appointed to assist the task force:

Dr. Gayle Anderson, Planning Section, Division of Planning and Development
Mr. Roy Anderson, Special Education Section, Division of Instruction
Dr. Leo Bernat, State Aids, Statistics and Research Section, Division of Administration
Mr. Farley Bright, Deputy Commissioner
Mr. Fred Christianson, School Facilities Planning Section, Division of Administration
Dr. Helen Dell, Planning Section, Division of Planning and Development
Ms. Grace Dougherty, State Aids, Statistics and Research Section, Division of Administration
Mr. Eugene Eininger, School District Organization Section, Division of Administration
Mr. Walt Harvey, State Aids, Statistics and Research Section, Division of Administration
Mr. Mel Johnson, Planning and Development Section, Division of Vocational-Technical Education
Mr. Ron Laliberte, Administrative Services Section, Division of Administration
Mr. Gregory Waddick, Assistant Commissioner, Division of Planning and Development
Dr. Jerome Webster, Planning Section, Division of Planning and Development

A wide variety of possible study areas was given consideration by the task force before they formed into four committees to study the following topics:

(1) Educational overburden,

(2) Local discretion/tax limitation,

(3) Management systems/state and local agency roles and relationships, and

(4) Appraisal of the foundation aid formula

CRITICAL CONCERNS OF THE 1974 TASK FORCE

As the work of the task force progressed, three areas of critical concern surfaced. The one concern that superceded all others was inflation. All school districts are faced with the inflationary cost spiral, and many are having difficulty coping with it because of the restrictions that have been placed upon their ability to increase their revenue. A second concern is the mandating of new programs by the legislature without provisions for financing. The 1973 finance task force made a recommendation in this area and stated that without additional revenues new programs are financed at the expense of programs that have been previously operating. A final overriding concern of the task force is the equalizing of educational expenditures among school districts in the state. A recommendation by the 1973 finance task force provided for an orderly transition by which all districts are permitted to adjust to that district having the 90th percentile per pupil unit cost, when all pupil units in the state are ranked according to cost. In view of these critical concerns, this task force:

(A) CALLS UPON THE LEGISLATURE TO PROVIDE SOME METHOD OF RELIEF FOR SCHOOL DISTRICTS DURING INFLATIONARY PERIODS,

(B) REITERATES THE RECOMMENDATION OF THE 1973 TASK FORCE THAT NEW PROGRAMS MANDATED BY THE LEGISLATURE INCLUDE PROVISIONS FOR FINANCING, AND

(C) REQUESTS THAT THE LEGISLATURE REVIEW THE IMPACT OF THE SCHOOL FINANCE LEGISLATION ENACTED BY THE 1971, 1973 AND 1974 LEGISLATURES ON THE MOVEMENT OF SCHOOL DISTRICTS IN THE STATE TOWARD THE 90TH PERCENTILE PER PUPIL UNIT COST WHEN ALL PUPIL UNITS IN THE STATE ARE RANKED ACCORDING TO COST; AND FURTHERMORE, THAT ANY FUTURE ACTIONS OF THE LEGISLATURE IN THE AREA OF SCHOOL FINANCE FOSTER MOVEMENT TOWARD THAT GOAL.

ORGANIZATION OF THE REPORT

The remainder of this report consists of the four individual committee reports presented as issue papers, and some additional comments or dissents by individual members of the task force. The content of each issue paper is arranged so that the reader can get the gist of each report in the first few pages. In these pages is found a description of the issue which may or may not include a study summary, and the committee's recommendations. Each recommendation is followed by a paragraph which further describes it. The reader who is interested in additional information on any issue can read the remaining portion of the issue paper. The foundation aid and levy limitation issue papers each has an appendix containing data on additional study or materials that relate to the issue.

MANAGEMENT SYSTEM/STATE AND LOCAL AGENCY ROLES
AND RELATIONSHIPS

Committee Members:

Mr. Ron Kennedy, Chairman
Representative Salisbury Adams
Dr. John Feda
Dr. Dean Fritze
Mr. A.L. Gallop
Mr. Dean Honetschlager
Mr. David Meade

ISSUE PAPER - EDUCATION MANAGEMENT SYSTEM

Education at all levels is being challenged by the citizenry to be "accountable". The system is increasingly called upon to explain the outcomes expected from a public school education and to document expenditures of public funds. School boards and administrators must make decisions vital to education but sometimes to do so with a less than adequate long-range plan or information base. The problem may be viewed as one of identifying the expectations of education, preparing well-conceived plans, and establishing a system for program implementation. In summary, Minnesota has need for a clearly defined education management system.

SUMMARY

The Minnesota Constitution charges the Legislature with establishment of a "general and uniform" system of public school education. Throughout the history of this state (and of most other states) this system has never been thoroughly defined. Some recent attempts at this program definition have been inaugurated by the State Department of Education and by the executive branch of state government but these have been less than fully successful. This failure leaves educators without a clear delineation of the ultimate goal toward which they must strive.

In the absence of a direct Legislative mandate, state and local agencies have not fully established a comprehensive system of goals and objectives nor have they clearly defined standards of educational performance. Numerous efforts at goal setting have resulted in an incomplete, non-comprehensive plan for education in the state. This process is further complicated by the fact that the schools must adjust accordingly as social and economic conditions change. Thus is needed a flexible state-local educational system which

is expressly designed to provide students with the skills to function effectively as well-rounded, responsible, and productive citizens in the years ahead.

Establishment of a management system for education cannot be accomplished on a random, haphazard basis. School personnel, particularly those with a management responsibility, must be trained in the use of management tools. Where this skill does not exist, the state must be prepared to encourage and support necessary training and re-training.

RECOMMENDATIONS

1. The Minnesota Legislature should assume responsibility for defining the purposes, philosophy, and general goals of education for the State.

   In accomplishing this task, the Legislature should have involvement of the Department of Education, school administrators, school boards, teachers, and the general public. The outcome should be a framework for definition of the Constitutional provision for a "general and uniform" system of education.

2. The State Board of Education should be delegated responsibility for carrying out the Legislative educational mandate and for establishing goals, objectives, and standards necessary to the provision of a "general and uniform" system of public education.

   Goals, objectives, and standards must be established to carry out the Legislative mandate for public education. The designated state educational agency must assume responsibility for assuring a reasonably adequate level of programs and services throughout the state. Periodic review and updating must be incorporated into the process.

3. Each local school board should be given responsibility for establishing such goals, objectives, and standards as are necessary to meet the guidelines of the Legislature and the State Board of Education.

The philosophy is well established in Minnesota that most of the important educational decision-making rests with the local boards of education. Maintenance of this division of authority in conjunction with Legislative and State Board of Education guidelines will satisfy the Constitutional mandate.

4. Provision should be made in each local school district for the training and retraining of selected personnel in utilization of the management system.

A system of education is only as good as the personnel involved in its actualization. The state must assure that such top and middle management personnel in each school district as school board members, school administrators, and department heads are trained in use of the management system.

5. A collecting and reporting system should be established which will provide information and data necessary for educational decision-making at all levels.

Decisions concerning education in the management system are dependent upon a comprehensive information and data base. This base can be established only if the anticipated outcomes of education are clearly defined and if assessment and evaluation capabilities are emphasized at both state and local levels. Local school districts and the State Department of Education should prepare annual reports concerning progress of education and the attainment of described goals and objectives.. This information system should provide for "feed-back" at all involved educational levels and form the basis for operating a "general and uniform" system of education.

MANAGING THE MINNESOTA EDUCATION SYSTEM

Public elementary and secondary education in Minnesota is a $1.6 billion annual business. Management of this business is a complex undertaking involving many people at many levels of government. With this complexity, a systematic method of educational planning and implementation based upon a scientific technique of problem solving is necessary. A system must be created which is capable of translating our thoughts and wishes for education into practice.

THE EDUCATIONAL MANDATE

Article VIII, Section 1 of the Constitution of the State of Minnesota states:

> " . . . it shall be the duty of the legislature to establish a general and uniform system of public schools."

In keeping with this mandate, the Legislature created the Department of Education and established a state network of public school districts. By 1947, this network had expanded to 7,606 separate and autonomous school districts. By 1974, this number has been reduced to 437 such districts each offering a program in grades K-12 or 1-12.

Each local school district was given responsibility for providing an educational program for children. The Department of Education developed some rules and regulations concerning this program but considerable discretion was left for the local district. As a result, substantial program differentials developed among the school districts. These differentials were clearly identified in Education 1967.

A fundamental problem is created when examining the Constitutional concept of "general and uniform." This is ambiguous terminology lacking in any clear direction for the public schools. The clause does imply, however, that the

Legislature has ultimate responsibility for discharge of the Constitutional mandate, including provision for defining "general and uniform." The Legislature may delegate a certain amount of its responsibility to appropriate state and local agencies so long as there are adequate legislative guidelines. However, discharge of the "general and uniform" mandate is the responsibility of the Legislature no matter what other agencies and officers are involved.

DESCRIPTION OF A QUALITY EDUCATIONAL PROGRAM

Periodically, efforts are made to describe a quality educational program. One of the most extensive of these was the Department of Education sponsored study entitled Education 1967. This study examined all major facets of education and included recommendations for educational programming including an expansion of elementary school program and organization and a minimum of 80 course offerings in grades 7-12.

In Criteria Recommendations, the State Board of Education elaborated upon those recommendations. This document further refined the definition of adequacy for elementary, secondary, vocational, and special education. Most notable was a call for as many as 145 curricular offerings in grades 7-12.

The Governor's Task Force on Education for the 70's examined the matter of public school programming. While considerably less specific than the two earlier studies, this group also recommended improvement and addition to the public school program.

The earlier School Finance Task Force study also examined the public school program. After considerable deliberation, this group made several recommendations for extending and improving the school program.

These studies are but illustrative of more recent efforts at improving upon

the public school program. They point out clearly, however, that "general and uniform" has neither been adequately defined nor fully implemented in this state.

ESTABLISHING GOALS, OBJECTIVES, AND STANDARDS

Increasingly numerous efforts are being exerted toward the generation of goals, objectives, and standards at the state and local levels. In the absence of a clear Legislative mandate, these efforts can only be fragmentary and inconclusive. What is required is a defined system for establishment of these vital ingredients to the educational process.

It is imperative that the public schools prepare young people in Minnesota to participate effectively as adults in a democratic society. It is equally important that the public schools provide students with sufficient skills to either pursue a course of post-secondary education or to compete successfully in the labor market upon leaving public school. The schools should supply students with enough knowledge of the workings of our economic system to serve them in the role of consumers. Finally, the schools should go beyond work-a-day concerns to broaden the horizons of students so that they may rewardingly and constructively use leisure time.

1. The Legislative Role

Since the Legislature is ultimately responsible for the operation of a "general and uniform" system of free public schools, it must give sufficient direction to state and local educational authorities to enable them to achieve this end. The Legislature must define the purpose of the educational system and delineate the philosophy which shall prevail. The generalized goals of public education must be enunciated and the responsi-

bility for their attainment assigned to other components of the educational system.

2. The State Agency Role

As a designated agency of the Legislature, the State Board of Education must assume responsibility for more detailed goals and objectives which are applicable to every school district in the state and which are consistent with the more general Legislative goals. The State Board of Education must also periodically review and update the goals, objectives, and standards which they promulgate.

3. The Local Agency Role

Each local board of education should exercise the right, in accordance with rules established by the State Board of Education, to establish such goals, objectives, and standards as they desire. These functional components must be consistent with the goals and guidelines of the Legislature and the State Board of Education. This local determination is consistent with the established philosophy of the state which places certain powers at the state level but leaves much of the important decision-making at the local level.

PROVISION FOR EVALUATION AND REPORTING

A major element in any educational management process is the continuing analysis or evaluation of the system. This analysis not only examines the educational processes which are involved but also stresses the assessment of educational outcomes and attainments. Information is disseminated to all component units of the educational system to assure a knowledgeable basis for decision-making.

At the State level, the Board of Education has responsibility for developing and administering a statewide system for assessing progress toward attainment of educational goals and objectives. Procedures are established for evaluating the effectiveness of programs and activities. A periodic report on the status of education should be prepared for submission to the Legislature.

Local school districts directly implement most components of the educational program. In facilitating the decision-making process, these districts have responsibility for reporting progress toward attainment of both State and locally determined goals and objectives. Fulfillment of this responsibility requires preparation of an annual report which includes:

a. pertinent demographic data relating to each school,

b. a facilities survey, including current use practices and projected capital project needs,

c. results of assessment programs, including statewide and district testing conducted at each school,

d. budgetary and cost data on each school's fiscal operation,

e. an analysis of each school's relative progress in meeting State and district goals and objectives,

f. plans for professional improvement,

g. plans for innovative or experimental programs, and

h. recommendations for school improvements during the ensuing year.

School district reports form the basis for reportage prepared by the State Department of Education. Increasing emphasis upon the type and quality of data in this reportage assures a better basis for decision-making. A "feedback" loop is created which states the anticipated outcomes, reports attainments toward those outcomes, and provides support for the complete educational management system.

COMPONENTS OF THE MANAGEMENT SYSTEM

The educational management system must have flexibility to accommodate both general and specific application. Components of the system include:

a. A statement of the major purpose of the organization.

b. A definition of the expected outcome and identification of the factors essential to its attainment, i.e., diagnosis, prescription, dissemination of information, development of skills, testing, application, value judgments.

c. Stated goals and objectives essential to the accomplishment of the purpose.

d. A delineation of the methods for accomplishment - a delivery system.

e. A structure of organization inclusive of job descriptions and position relationships.

f. A program oriented budgeting and accounting system.

g. A data-based communication system which can facilitate management decision-making at all levels.

Finally, and by no means least, personnel at all levels must be trained to understand and use the management system. While all persons have need for this training, it is most imperative for persons in top and middle management positions.

APPRAISAL OF FOUNDATION AID FORMULA

Committee Members:

Mr. Richard Bragg, Chairman
Mr. Richard Allen
Representative Joseph Graba
Dr. Erling Johnson
Dr. William Knaak
Mr. Michael Kuntz
Mr. Gene Mammenga
Mr. W.A. Wettergren

ISSUE PAPER ON STATE FOUNDATION AID PROGRAM

The Minnesota Legislatures of 1971, 1973 and 1974 made significant alterations in the foundation aid formula and more clearly defined limitations on local levying authority. By placing restrictions upon the amount of revenue available to the higher expenditure districts and by increasing the amount of state aid to districts at the lower spending levels, a more equalized pattern of expenditures was expected to emerge.

It was apparently assumed that modest per pupil increases should be allowed in the higher spending districts to compensate for inflation and to permit maintenance of the existing level of program quality and variety. The greater amounts available to the lower spending districts would hopefully allow both for the continuation of present program quality and for growth and improvement. Hence, more nearly equal per pupil expenditures would tend to encourage more nearly comparable educational opportunities throughout the state.

SUMMARY

Quring recent months, a number of Minnesota school districts and officials have indicated that the desired outcomes described above have not emerged. They indicate instead, that they are having difficulty maintaining their existing level of programs or that they anticipate such difficulty in the near future. Most often cited reasons why the proposed "catch up" program has allegedly resulted in very little program growth in lower spending districts and in cutbacks in some higher spending districts are: (1) a higher rate of inflation than was expected, (2) declining enrollments in many districts, and (3) a reluctance to greatly expand programs and expenditures.

In order to determine how these and other factors affected school districts in the state, a sample of 50 representative school districts was studied. Some of the findings of the impact on these districts of differing size and expenditure levels are reported in this paper.

> In summary, the study indicates that school districts with declining enrollments are found in each size group and expenditure level. Relating teacher salaries and staff ratios to expenditure level revealed that high expenditure school districts tend to have higher maximums in their salary schedules, have a greater percentage of their teachers at salary schedule maximums, have higher median teacher salaries and have more professional staff members for a given unit of pupils. The study also indicated that while costs increased in all high expenditure school districts, the percentage increase in foundation aid over a five year period through 1972-73 was lower for high expenditure school districts than for low expenditure districts. When school costs including teachers salaries are compared with the Consumers Price Index it was found that these costs increased at a greater rate than the Consumer Price Index until 1973. This trend seems to have been reversed during 1973. The relations between school district income per pupil unit and property valuation per pupil unit in these 50 school districts was also studied. These incomes and property valuations tend to be higher in larger communities. In smaller communities the incomes are lower but property valuations may range from very high to very low.

While control and operation of an individual school system in Minnesota is a local responsibility, the financing of education has, in large measure, become a state function as a result of the alterations in the foundation aid formula made in 1971 and again in 1973 and 1974. These changes should result in movement toward equalization of educational revenues throughout the state and to more closely equalized local tax efforts.

However, many school districts find themselves in a financial dilemma. Declining enrollments have resulted in fewer state foundation aid dollars for the district than would be available without such a decline. Levy limitations have restricted local capability to raise money from property taxes without a referendum. Layoffs of younger teachers have resulted in more experienced, better trained, and higher paid teachers remaining in the

system. Per pupil costs have thus tended to increase more rapidly than school district revenues. As is noted:

> The described problems are by no means universal to all school districts of the state. Many of the lower cost and several of the more stable or slightly growing school districts have been relieved of fiscal concerns. But many other districts, most notably those with higher per pupil unit expenditure and/or substantially declining enrollment, are experiencing a major financial squeeze. The study yielded little hard data about significant program additions or cutbacks through the 1973-1974 school year.

The recommendations that follow recognize that the present state financing program is still so new that its full impact cannot be determined at this time. They also recognize that conditions currently prevailing, inflation and declining enrollments, are making more difficult the attainment of an equitable school financing program.

The recommendations seek to provide interim solutions to short term difficulties, while continuing to affirm the basic intent and direction of the 1971 and 1973 equalization efforts. They encourage consideration of alterations in related matters which would help to remove some of the difficulties currently existing in districts which have a lack of diversity in experience and educational levels within the professional staff. They encourage continuing efforts to maintain and improve priority programs so that educational opportunity and excellence might progress even during inflationary periods or time when available revenues are limited.

RECOMMENDATIONS

1. <u>The state should continue efforts toward the equalization of financial resources available to school districts of the state.</u>

The School Finance Task Force acknowledges that financially related variables differ markedly among school districts. Efforts of the 1971, 1973 and 1974 Legislatures are recognized as making strides toward achievement of fiscal neutrality among school districts. Only slight modifications should be made until the impact of the formula can be more accurately assessed. This recommendation involves the following points:

A. The amount of foundation aid paid to school districts should reflect a state average of not less than 70 percent of the total adjusted maintenance cost of all school districts.

B. The study indicates that inflation affects school expenditures significantly and should be taken into account by the Legislature in determining state aids.

C. Other provisions relating to foundation aid as enacted by the 1971, 1973 and 1974 Legislatures such as the grandfather clause and excess levy referenda should remain as at present.

2. <u>As an interim measure, the state should provide school districts with additional aid based on the training, experience, and ratios of the professional staff.</u>

The well trained and experienced teaching staffs that are characteristic of many high expenditure school districts are one reason why the expenditures of these school districts are at high levels. Maintaining these staffs, and the programs that are dependent upon them, in the face of inflation, declining enrollments and the financial restrictions that have been placed upon these school districts has become exceedingly difficult. Additional funds are needed by these school districts if they are to maintain their present educational programs for the immediate

future. A temporary solution to this problem and a method by which these funds could be provided to districts most acutely affected is described below:

A. An index of staffing should be prepared for each school district which delineates (1) training of certificated staff members as measured by college preparation, (2) experience of certificated staff as measured by numbers of years directly involved in education, and (3) a level of numerical staffing in relation to number of pupils enrolled in average daily membership (ADM). In computing this index of staffing, the following weightings could apply:

1. Concentrations of certificated staff members should be weighted according to professional degree and formal training beyond that degree. For example:

BA Degree	1.00
BA Degree plus 30 or more hours	1.02
MA Degree	1.04
MA Degree plus 30 or more hours	1.06

2. Concentrations of certificated staff members should be weighted according to experience in the field of education. For example:

0-5 years of experience	1.00
5+ - 10 years of experience	1.02
Over 10 years of experience	1.04

3. Adequacy of staffing or unique staffing problems should be weighted. For example:

50 or fewer FTE certificated staff per 1,000 pupils	1.00
50+ - 55 FTE certificated staff per 1,000 pupils	[illegible]
55+ - 60 FTE certificated staff per 1,000 pupils	[illegible]
60+ - 65 FTE certificated staff per 1,000 pupils	1.02
Over 65 FTE certificated staff per 1,000 pupils	1.00

4. The index of staff should be computed by determining the arithmetic mean of the three above indices, rounded to the nearest hundredth.

B. The state foundation aid due to a school district should be the product of the regularly computed foundation aid ($825 per pupil unit during the 1974-75 base year) times the computed index of staffing ratio and from this product should be subtracted the EARC local mill levy. Instructors in area vocational technical schools should be exempted from these calculations.

3. The Legislature should change present laws and otherwise encourage local districts to institute necessary programs which will remove factors inhibiting teacher mobility and will stimulate a more heterogeneous complement of staff experience and educational level in any given district.

Teachers are currently discouraged from moving from one district to another regardless of the need for their special expertise elsewhere or their personal desire to live in another area of the state. In addition to action at the state level, it is recognized that there will have to be changes at the local level to further this objective. Such changes would result in a better age and experience faculty mix, individual school districts would have a more consistent level of annual staff turnover, and there would be a more even distribution of expenditures for personnel among school districts of the state. Examples of some changes that could be made are listed below.

A. Establish portability among teacher retirement programs in the state.

B. Consider special aid to school districts for the purpose of employing experienced teachers from other districts where teaching staffs are being reduced.

C. Eliminate the restrictions that are placed on the amount of experience

for which teachers are given credit on the salary schedule when they seek a position in another school district.

D. Allow teachers to accept a position in a school district for one year without losing the tenure rights that may have been acquired in another school district.

E. Establish a mechanism to actively encourage cooperative programs and shared use of staff among school districts.

4. The state should encourage schools and school districts to search for alternative educational delivery systems and to explore programs geared toward increased efficiency and productivity through continuation of existing research and development funds.

The first three recommendations in this section acknowledge that our current educational delivery system has apparently served our state and its young people well. Despite its wide acceptance, this basic delivery system with its staffing patterns, methods, building and district barriers, etc., is not so inviolate that the almost inherent cost increases should be funded without careful reexamination.

Though discretionary money has generally been considered as a stimulus to new programs and methods, a lack of funds has on occasion had an advantageous effect in inducing an innovative solution to a pressing educational problem. However, it is recognized that revenue available under the existing foundation program has resulted in the elimination of identifiable services and programs previously provided, especially by high investment districts. The State Department of Education and the Legislature should allow and encourage greater flexibility in the choice of programs and services to be altered or eliminated in such

districts to minimize the undesirable effects of leveling down.

Catch up funds to lower spending districts should not simply be absorbed in current programs. Districts receiving significant amounts of new money should be given special assistance and visibility by the State Department of Education so that program additions or innovations will provide the maximum benefit to the entire state.

SAMPLE OF MINNESOTA SCHOOL DISTRICTS

To facilitate this discussion, a sample of 50 Minnesota school districts has been selected. These districts are geographically representative of the state, are representative of varying school district sizes (from 234 to 69,432 pupil units), and are representative of varying per pupil unit expenditure patterns (from $559 to $1,090). A matrix of the 50 selected school districts is shown in Table I in the Appendix, and is followed by a description of these districts.

EXPENDITURE AND ENROLLMENT ANALYSIS OF THE SAMPLE SCHOOL DISTRICTS

In each of the Tables II-A through II-D found in the Appendix the sample school districts of one expenditure level are grouped according to size, and within each group listed in the order of 1972-73 adjusted maintenance expenditures. Forty-three of the 50 schools experienced an increase in adjusted maintenance cost in 1972-73 over that of the previous year. All of the large school districts and all of the high expenditure districts in the sample experienced this increase. In none of the other size categories or expenditure levels did all schools have increased maintenance costs in 1972-73.

Twenty-eight of the 50 school districts had fewer pupil units in 1972-73 than they had in 1971-72. School districts with declining enrollments are found in each size category and expenditure level. They are fairly evenly distributed among the various size categories, but there is a greater concentration of school districts with declining enrollments in the higher than there is in the lower expenditure categories.

Further analysis of the expenditure and enrollment pattern of these school districts is included in the Appendix.

In Table III in the Appendix the changes in adjusted maintenance costs per pupil unit of the 50 school districts from 1971-72 to 1972-73 have been tabulated by development regions. The regions containing school districts with the greatest percentage increase in adjusted maintenance cost are listed in the order of increase in the first part of the table (above the line). In the second part of the table are the regions with the greatest percentage decrease in adjusted maintenance cost.

From Table III it can be seen that of the 50 school districts, none of those in regions 1, 3, 5, 7 and 11 reported a decrease in adjusted maintenance cost in 1972-73. The greatest percentage increases in adjusted maintenance costs occurred in regions in which none of the sample schools experienced decreases.

In Table IV also in the Appendix the changes in resident pupil units in average daily membership of the 50 school districts from 1971-72 to 1972-73 have been tabulated by development regions. Since 28 of the 50 school districts reported decreases in resident pupil units, the regions are listed in the order in which they contain a school district with a high percentage of decrease.

It is interesting to note that the five regions in the lower part of Table IV (6, 9, 2, 5 and 7) contain only four of the 28 school districts reporting a decrease in resident pupil units. Three of these regions (6, 9, and 2) are also found in the lower portion of Table III.

STATE FOUNDATION AID SUPPORT

In recent years, there has been a visible increase in state foundation aid for public schools. Tables II-A through II-D indicate a two year history of school district expenditures which show increases for 43 of the 50 sample school districts. Data in Tables V-A through V-D indicate the amount and percent of state foundation aid for the sample school districts during the 1972-73 school year.

To more fully articulate the history of state foundation aid, Table VI (Appendix) has been prepared. This table displays the 50 sample school districts arrayed according to per pupil unit expenditure and size as in Tables II-A through II-D. Included is a five year history of the percent of adjusted maintenance cost for each school district which is provided by the state.

Not all school districts have been treated alike by changes in the foundation aid formula. All school districts received a greater percentage in terms of state funds during 1972-73 than in 1968-69. In general, the percentage increase was lesser among the higher expenditure school districts and greater among low expenditure school districts.

TEACHER SALARIES AND STAFFING RATIOS

A Survey of the Fifty Schools

Tables VII-A through VII-D in the Appendix contain teacher salary information and related data. The data presented is from the 1972-73 school year and includes for each school district BA minimum and MA maximum salary schedule figures, the percent of teachers at the salary schedule maximum for their training and experience, the average salary of the professional certificated staff and the elementary pupil to teacher ratio.

Since the 50 school districts have been categorized on the basis of expenditure level, the Appendix also includes tabluations which relate the data contained in Tables VII-A through VII-D to expenditure level. A study of these tabluations reveal that:

a. The range of the BA salary schedule minimums is greater among high expenditure districts than it is among the low expenditure districts. This is due to the variation at the top of the ranges. The lower ends of the ranges are quite similar.

b. High expenditure districts generally have higher BA salary schedule minimums than low expenditure districts.

c. The median BA salary schedule minimums are quite similar at all but the high expenditure level.

d. The median salary schedule maximum for high expenditure school districts is $2,506 above the next highest median. The difference among all the other medians is only $1,475.

e. The range in MA salary schedule maximums is extremely narrow for low expenditure districts, $2,730, while it is $7,300 for median to high expenditure districts, $6,680 for high expenditure districts, and $5,990 for median to low expenditure districts.

f. High expenditure school districts in general have much higher MA salary schedule maximums than school districts at all other expenditure levels.

g. School districts with high expenditure levels have a greater percent of their teachers at salary schedule maximums.

h. When the ranges and medians of the professional certificated staff salaries of the four expenditure levels are compared it was found that there is no relationship between the low range figures and the expenditure levels; that there is a direct positive relationship between the high range figures and the expenditure levels; and that the median figures are most revealing indicating as they do the amount of increase in the average salary of school district professional certificated staff as the expenditure level increases. While the increase in median salary is only $119 in the first interval between the low and median to low expenditure districts, it is $834 in the next interval and $1,516 in the interval between the median to high and high expenditure districts.

i. There is very little difference in the median pupil-teacher ratios at the various expenditure levels.

j. The large school districts of the sample have the highest median pupil to teacher ratio; the small school districts have the lowest pupil to teacher ratio.

Generally the evidence that has been presented from Tables VII-A through VII-D imply that high expenditure school districts have high staff costs. For example, when compared with other school districts at other expenditure levels in the sample:

(1) high expenditure school districts have salary schedules with comparatively high maximum salaries;

(2) high expenditure school districts have a greater percentage of their

teachers at salary schedule maximums;

(3) the average salaries of the professional certificated staff of high expenditure school districts substantially exceeds that of school districts at lower expenditure levels.

Many of the high expenditure districts studied are also beginning to experience enrollment decreases and corresponding reductions in foundation aid. While staff reductions can be made they usually lag behind enrollment decreases and it is difficult to make them proportional to enrollment decreases. A further restriction on the local school district's ability to respond to this problem is a new state law regulating the tenure of teachers and granting seniority rights. The result of all of these factors is a continuing deterioration in the financial condition of these school districts and the resulting curtailment of existing services and programs.

Twin Cities ERDC Numerical Staffing Ratio Study

The Educational Research and Development Council of the Twin Cities Metropolitan Area annually surveys the staffing patterns of its member schools. Since most of the large high expenditure school districts included in this sample are also members of the ERDC it is possible to use data from the ERDC survey to compare expenditure level and numerical staffing ratio for these schools.

The comparison which can be found in the Appendix indicates that for this group of school districts there is a direct relationship between the ratio of professional staff to pupils and expenditure level.

SCHOOL COSTS AND THE CONSUMER PRICE INDEX

A comparison of some school costs and the Consumer Price Index is shown in Graphs A, B, and C in the Appendix. Graph A indicates that teacher salary schedules as reported by the Minnesota Education Association increased more rapidly than the Consumer Price Index (CPI) from 1967 through 1971. From 1971 through 1974 the CPI increased at a greater rate than the salary schedules with a steep increase of the CPI in 1973 narrowing considerably the gap between the two.

Graph B compares total teacher salary increases as reported by the Minnesota School Boards Association with the CPI. This graph shows teachers salaries increasing at a much greater rate than teacher salary schedules with a consequent increasingly greater gap between teachers salaries and the CPI through January of 1973. During 1973 the steep increase in the CPI narrowed this gap considerably.

Graph C which compares increases in the state's median adjusted maintenance cost with the CPI indicates an even more dramatic increase in costs as compared with the CPI than is indicated on the teacher salary graphs. This seems to imply that costs other than teachers salaries are increasing at a greater rate than salaries.

PERSONAL INCOME AND PROPERTY VALUATION AS INDICES OF WEALTH

The current state foundation aid formula considers local property valuation as a factor influencing fund distribution. The mathematical computation of foundation aid includes a state prescribed amount per pupil unit times the number of pupil units less the equivalent of 30 mills against the Equalization Aid Review Committee (EARC) valuation of property in each school district. EARC property valuation represents an effort at equalizing assessment practices throughout the state and is used only for calculation of state aids for schools.

This uniform deduction (30 mills) against an equalized valuation (EARC) means that wealth, as measured by property, is a vital component of state support for public education. At present, a high range of EARC property wealth exists among Minnesota school districts (from $42 to $32,293 per pupil unit with a state median of $8,603). In recognition of this differential, state foundation aid is paid to school districts in inverse proportion to wealth.

Wealth as measured by personal income is not directly weighed in the computation of state aid. Of course, the primary source of state monies for payment of aid is the tax on personal income. Periodically, questions are raised as to the feasibility of including personal income in each school district as a factor in distribution of state aid. Invariably, these discussions lead toward attempts to correlate personal income with property valuation.

Table VIII in the Appendix displays the 50 sample school districts utilized in the School Finance Task Force study. For each district, the 1972 Federal adjusted gross income per pupil unit, the 1972 adjusted assessed valuation of property (same as EARC) per pupil unit, and the percent that assessed

valuation is of the gross income is listed.

Several relevant points may be noted from Table VIII.

1. Gross income per pupil unit (column 2) varies considerably among the 50 school districts. Larger communities, and particularly those in the Twin Cities Metropolitan Area, appear to have higher gross incomes per pupil unit.

2. Column 3 displays 1972 adjusted assessed valuation per pupil unit. These valuations range from $24,102 in Frost to $4,290 in Cromwell. No clear pattern would appear to exist except that larger communities and some smaller, agriculture oriented communities have the highest valuations per pupil unit. If the top ten schools are listed, the list contains large city school districts, Minneapolis and St. Paul, small rural school districts Frost, Sanborn and Brewster and large developed suburban school districts, St. Louis Park, Hopkins and Richfield.

3. Column 4 relates a percentage between property valuation and taxable income. The highest ratios clearly occur among small, agriculture oriented communities such as Frost, St. Clair, Brewster, Sanborn and Truman. However, other percentage comparisons vary to such a degree that no clear pattern emerges.

The substance of Table VIII is that larger communities tend to have high personal incomes and high property valuations. Smaller communities tend to have lower personal incomes but property valuations may range from very high to very low.

NUMERICAL STAFFING RATIO

Based upon annual teacher/student reports submitted by school districts, the Department of Education has determined numerical staffing ratios (NSR) for each school district and each school building in the state. These and other data are shown for the 50 sample school districts in Tables IX and X.

Table IX arrays the 50 sample school districts by expenditure pattern. Following are relevant points:

1. The ratio of pupils per classroom teacher (column 5) ranges from 13.14 to 25.60 with a state average of 22.31. However, no clear distinction in pattern appear among the expenditure groups.
2. The ratio of pupils per total instructional staff (column 9) ranges from 10.73 to 20.83 with a state average of 18.11. Again, no clear staffing pattern would appear to exist among the categories of school districts.
3. Column 10 indicates the number of professional staff per 1,000 pupils. The range among school districts is from 48.00 to 93.20 with a state average of 55.22. No clear pattern based upon expenditure level appears.

Table X displays the same data but arranges the school districts from largest to smallest in enrollment. This table shows:

1. The average number of pupils per classroom teacher (column 5) relates very closely with school district size - only one of the large school districts (Moorhead) has fewer than 20 pupils per teacher while only one of the small school districts (Brandon) has as many as 20 pupils per teacher. The average number of pupils per teacher for the 21 large schools is 23.13 while the average for the 9 small schools is 16.77.

2. A similar situation exists when comparing the average of pupils per total staff (column 9). Only three of the small schools have more than 15 students per staff while none of the larger schools have that few.
3. The total staff per 1,000 pupils (column 10) further elaborates upon the large school small school disparity. Only three of the 21 large schools have more than 60 staff pupils while eight of nine small schools exceed that ratio.
4. Similar comparisons may be drawn involving the medium to large and small to medium school districts. While the differentials are not so clear, the tendency is toward larger NSR in small schools.

STAFFING FACTORS AS MEASURES OF SCHOOL EFFECTIVENESS

A recent report from the University of California summarized 17 research studies concerning variables affecting school effectiveness. The 17 studies were performed by noted educators from throughout the country. The samples of students in these research studies varied as did the measure of performance indicators. Following are some observations from these studies:

A. Teacher experience was specifically cited as a significant input measure in six of the 17 studies.
B. Teacher salaries for instructional expenditures were cited as significant variables in 11 of the 17 studies.
C. Class size and staffing ratios were cited as significant variables six times in the 17 studies.
D. Included among other input measures cited were: level of teacher training, teacher verbal ability, school facilities, and "classroom atmosphere".

These studies are not necessarily conclusive. They do, however, represent some of the recent and more significant research into the input and output variables affecting education.

TABLE I

MATRIX OF SCHOOL DISTRICTS

FOUNDATION AID AND LEVY LIMITATION COMMITTEES

1972-73 Adjusted Maintenance Expenditure Level	Size of School Districts Based on 1972-73 Pupil Units (P.U.)			
	(S)* 600 or Fewer	(MS)* 600-1,000	(ML)* 1,000-2,000	(L)* 2,000+
(H)# High $851 or More	Frost $1,014 P.U. 253 Cyrus $972 P.U. 234	Zumbrota $878 P.U. 981	Chisholm $997 P.U. 1,793 Ely $860 P.U. 1,816	St. Louis Park $1,090 P.U. 10,800 St. Paul $1,047 P.U. 54,054 Minneapolis $1,037 P.U. 69,432 Hopkins $1,027 P.U. 11,679 Richfield $961 P.U. 11,157 Roseville $906 P.U. 14,756 Rochester $887 P.U. 18,259 No. St. Paul $866 P.U. 13,558
(MH)# Median to High $741-850	LaPorte $768 P.U. 322 Oklee $747 P.U. 570	Bird Island $773 P.U. 906 St. Clair $746 P.U. 742	Le Sueur $768 P.U. 1,716 Roseau $766 P.U. 1,721	Robbinsdale $840 P.U. 30,857 Moorhead $820 P.U. 8,479 Grand Rapids $819 P.U. 6,481 Burnsville $804 P.U. 10,749

TABLE 1 (Continued)

1972-73 Adjusted Maintenance Expenditure Level	Size of School Districts (1972-73 Pupil Units)			
	(S)* 600 or Less	(MS)* 600-1,000	(ML)* 1,000-2,000	(L)* 2,000+
Median to High $741-850 (continued)				Thief River Falls $796 P.U. 3,855 International Falls $786 P.U. 4,087 Willmar $783 P.U. 5,209 Marshall $748 P.U. 3,178
(ML)# Low to Median $681-740	Russell $718 P.U. 337 Cromwell $712 P.U. 491 Brewster $696 P.U. 437	Spring Grove $737 P.U. 602 Truman $715 P.U. 800 Becker $701 P.U. 676	Jackson $734 P.U. 1,827 St. Charles $725 P.U. 1,275 Breckenridge $698 P.U. 1,839	Little Falls $733 P.U. 4,658 Lakeville $683 P.U. 3,041 Anoka $683 P.U. 33,269
(L)# Low $680 or less	Sanborn $659 P.U. 406 Brandon $559 P.U. 559	New York Mills $676 P.U. 1,005 Cottonwood $639 P.U. 640 Goodhue $592 P.U. 906	Bagley $665 P.U. 1,712 Hayfield $637 P.U. 1,563 Pine City $629 P.U. 1,932 Mahnomen $595 P.U. 1,305	Brainerd $669 P.U. 7,863 Chisago Lakes $629 P.U. 2,380

* (S) 600 or fewer pupil units (P.U.)
(MS) 601-1,000 pupil units (P.U.)
(ML) 1,001-2,000 pupil units (P.U.)
(L) 2,001 or more pupil units (P.U.)

\# (H) 1972-73 Adjusted maintenance expenditure of $851 or more
(MH) 1972-73 Adjusted maintenance expenditure of $741-$850
(ML) 1972-73 Adjusted maintenance expenditure of $681-$740
(L) 1972-73 Adjusted maintenance expenditure of $680 or less

The 50 school districts on which information is presented in this report are categorized as to size in 1972-73 pupil units and as to adjusted maintenance expenditure levels for the same year. The following tabulations of these districts may be of interest to the reader.

	1972-73 Adjusted Maintenance Expenditure Level		Number of School Districts
(H)	High	$851 or more	13
(MH)	Median to high	$741-$850	14
(ML)	Median to low	$681-$740	12
(L)	Low	$680 or less	11

	1972-73 Pupil Units		Number of School Districts
(L)	Large	2,001 or more	21
(ML)	Median to large	1,001-2,000	11
(MS)	Median to small	601-1,000	9
(S)	Small	600 or fewer	9

Development Region	Number of School Districts
1	3
2	3
3	5
4	5
5	2
6	2
7	3
8	6
9	4
10	6
11	11

When compared to the total number of Minnesota school districts this sample of 50 schools is somewhat disproportionate in number of (a) high expenditure school districts, and (b) large school districts. Despite this limitation, the sample does provide a wide-ranging view of school districts in the state.

TABLE II-A

ADJUSTED MAINTENANCE COSTS AND RESIDENT PUPIL UNITS
HIGH EXPENDITURE SCHOOL DISTRICTS

SCHOOL DISTRICT		Adjusted Maintenance Cost Per Pupil Unit				Resident Pupil Units in Average Daily Membership			
		1971-72	1972-73	Change Dollars	Change Percent	1971-72	1972-73	Change Units	Change Percent
ST. LOUIS PARK	L	$ 997	$1,090	+ 93	+ 9.3	11,361	10,800	- 561	-4.9
ST. PAUL	L	909	1,047	+ 138	+15.2	55,186	54,054	-1,132	-2.1
MINNEAPOLIS	L	860	1,038	+ 178	+20.7	72,810	69,432	-3,378	-4.6
HOPKINS	L	1,000	1,027	+ 27	+ 2.7	11,848	11,679	- 169	-1.4
RICHFIELD	L	922	961	+ 39	+ 4.2	11,667	11,157	- 510	-4.4
ROSEVILLE	L	850	906	+ 56	+ 6.6	14,761	14,756	- 5	- .3
ROCHESTER	L	838	887	+ 49	+ 5.8	18,419	18,259	- 160	- .9
N. ST. PAUL	L	847	866	+ 19	+ 2.2	13,398	13,558	+ 160	+1.2
CHISHOLM	ML	926	997	+ 71	+ 7.7	1,873	1,793	- 80	-4.3
ELY	ML	817	860	+ 43	+ 5.3	1,855	1,816	- 40	-2.1
ZUMBROTA	MS	773	878	+ 105	+13.6	1,012	981	- 31	-3.1
FROST	S	1,005	1,014	+ 9	+ .9	256	253	- 3	-1.2
CYRUS	S	838	972	+ 134	+16.0	251	234	- 17	-6.8

TABLE II-B

ADJUSTED MAINTENANCE COSTS AND RESIDENT PUPIL UNITS
MEDIAN TO HIGH EXPENDITURE SCHOOL DISTRICTS

SCHOOL DISTRICT	Adjusted Maintenance Cost Per Pupil Unit				Resident Pupil Units in Average Daily Membership			
	1971-72	1972-73	Change Dollars	Change Percent	1971-72	1972-73	Change Units	Change Percent
ROBBINSDALE	781	840	+ 59	+ 7.6	31,762	30,857	-905	- 2.8
MOORHEAD	742	820	+ 78	+10.5	8,475	8,479	+ .4	+ 0.1
GRAND RAPIDS L	767	819	+ 52	+ 6.8	6,535	6,481	- 54	- 0.8
BURNSVILLE	747	804	+ 57	+ 7.6	10,067	10,749	+682	+ 6.8
THIEF RIVER FALLS	737	796	+ 59	+ 8.0	3,800	3,855	+ 55	+ 1.4
INTERNATIONAL FALLS	754	786	+ 32	+ 4.2	4,103	4,087	- 16	- 3.9
WILLMAR	706	783	+ 77	+10.9	5,282	5,209	- 73	- 1.4
MARSHALL	679	748	+ 69	+10.2	3,286	3,178	-108	- 3.3
LE SUEUR ML	712	768	+ 56	+ 7.9	1,700	1,716	+ 16	+ 0.9
ROSEAU ML	688	766	+ 78	+11.3	1,749	1,721	- 28	- 1.6
BIRD ISLAND* MS	838	773	- 65	- 7.8	742	906	+164	+22.1
ST CLAIR MS	709	746	+ 37	+ 5.2	709	742	+ 33	+ 4.7
LA PORTE S	812	768	- 44	- 5.4	289	322	+ 33	+11.4
OKLEE S	711	747	+ 36	+ 5.1	591	570	- 21	- 3.6

*Non-public school closed

TABLE II-C

ADJUSTED MAINTENANCE COSTS AND RESIDENT PUPIL UNITS
MEDIAN TO LOW EXPENDITURE SCHOOL DISTRICTS

SCHOOL DISTRICT		Adjusted Maintenance Cost Per Pupil Unit 1971-72	1972-73	Change Dollars	Change Percent	Resident Pupil Units in Average Daily Membership 1971-72	1972-73	Change Units	Change Percent
LITTLE FALLS		591	733	+142	+24.0	4,614	4,658	+ 44	+ 1.0
LAKEVILLE	L	677	683	+ 6	+ 0.9	2,862	3,041	+179	+ 6.3
ANOKA		672	683	+ 56	+ 9.9	31,939	33,269	+1330	+ 4.2
JACKSON		677	734	+ 57	+ 8.4	1,849	1,827	- 22	- 1.2
ST. CHARLES	ML	808	725	- 83	-10.3	1,279	1,275	- 4	- 0.3
BRECKENRIDGE		635	698	+ 63	+ 9.9	1,864	1,839	- 25	- 1.3
SPRING GROVE		836	737	- 99	-11.8	620	602	- 18	- 0.3
TRUMAN	MS	726	715	- 11	- 1.5	843	800	- 43	- 0.5
BECKER		640	701	+ 61	+ 9.5	635	676	+ 41	+ 6.5
RUSSELL		623	718	+ 95	+15.2	361	337	- 24	- 6.6
CROMWELL	S	676	712	+ 36	+ 5.3	505	491	- 14	- 0.3
BREWSTER		695	696	+ 1	+ 0.1	434	437	+ 3	+ 0.7

TABLE II-D

ADJUSTED MAINTENANCE COSTS AND RESIDENT PUPIL UNITS
LOW EXPENDITURE SCHOOL DISTRICTS

SCHOOL DISTRICT		Adjusted Maintenance Cost Per Pupil Unit 1971-72	1972-73	Change Dollars	Change Percent	Resident Pupil Units in Average Daily Membership 1971-72	1972-73	Change Units	Change Percent
BRAINERD	L	653	669	+ 16	+ 2.5	7,791	7,863	+ 72	+ 9.9
CHISAGO LAKES	L	586	629	+ 43	+ 7.4	2,270	2,380	+110	+ 4.9
BAGLEY	ML	623	665	+ 42	+ 6.8	1,695	1,712	+ 17	+ 1.0
HAYFIELD	ML	602	637	+ 35	+ 5.8	1,540	1,563	+ 23	+ 1.5
PINE CITY	ML	532	629	+ 97	+18.2	1,888	1,932	+ 44	+ 2.3
MAHNOMEN	ML	548	595	+ 47	+ 8.6	1,317	1,305	- 12	- 0.9
NEW YORK MILLS	MS	556	676	+120	+21.6	984	1,005	+ 21	+ 2.1
COTTONWOOD	MS	643	639	- 4	- 0.6	609	640	+ 31	+ 5.1
GOODHUE	MS	538	592	+ 54	+10.0	923	906	- 17	- 1.8
SANBORN	S	607	659	+ 52	+ 8.6	398	406	+ 8	+ 2.0
BRANDON	S	571	559	- 12	- 2.1	546	559	+ 13	+ 2.4

Tables II-A through II-D also show the percentage change in adjusted maintenance costs among the 50 school districts in 1972-73 ranged from an 11.8 percent decrease to a 24.0 percent increase. No pattern of increases or decreases were found that related to school district size or expenditure level.

It is interesting to note however, that both of the extreme changes in adjusted maintenance costs occurred among the ML (median to low expenditure) school districts.

Among the 50 school districts the percentage change in pupil units from 1971-72 to 1972-73 ranged from a decrease of 6.8 percent to an increase of 22.1 percent. There is no discernible relationship between the percentage enrollment changes and school district size and expenditure level.

TABLE III

ADJUSTED MAINTENANCE COST CHANGE
BY DEVELOPMENT REGIONS, 1971-72 TO 1972-73

Development Region	Number of School Districts in Which Increases or Decreases Occurred in Adjusted Maintenance Costs Per Pupil Unit: Increase	Decrease	Greatest Percentage Increase (+) or Decrease (-)
5	2	0	+24.0
11	11	0	+20.7
7	3	0	+18.2
4	4	1	+16.0
8	5	1	+15.2
1	3	0	+11.3
3	5	0	+ 7.7
10	4	2	-11.8
6	1	1	- 7.8
2	2	1	- 5.4
9	3	1	- 1.5

TABLE IV

RESIDENT PUPIL UNIT CHANGE BY DEVELOPMENT REGIONS, 1971-72 TO 1972-73

Development Region	Number of School Districts in Which Increases or Decreases Occurred in Resident Pupil Units: Increase	Decrease	Greatest Percentage of Decrease or Smallest Percentage of Increase
4	3	2	-6.8
8	3	3	-6.6
11	4	7	-4.9
3	0	5	-3.9
1	1	2	-3.6
10	1	5	-3.1
6	1	1	-1.4
9	2	2	-1.2
2	2	1	-0.9
5	2	0	+0.9
7	3	0	+2.3

SAMPLE SCHOOL DISTRICT BASIC FINANCIAL DATA

Tables V-A through V-D present some additional financial data on the 50 school districts. The first item is the 1970 adjusted assessed valuation per pupil unit in average daily membership. The 1970 adjusted assessed valuation was used in calculating the foundation aid each school district was entitled to receive during the 1972-73 school year. Column two of the table gives the district's 1972-73 foundation aid per pupil unit in average daily membership. In column three is the percent each school district's state aid (excluding transportation aid) per pupil unit is of adjusted maintenance cost per pupil unit from state and local funds for 1972-73. Percentages that exceed 100 percent are possible because of balances for preceding year in excess of 10 percent, emergency aid granted at end of school year and not expended, adjustment in other aid payments such as gross earnings, taconite, in lieu tax payments, two AFDC aid payments during the year, and the accrual system of reporting revenue receipts. The last column in Tables V-A through V-D gives the bonded debt per resident pupil unit of each of the 50 school districts as of June 30, 1973.

TABLE V-A

ADJUSTED ASSESSED VALUATION, FOUNDATION AID AND BONDED DEBT
HIGH EXPENDITURE SCHOOL DISTRICTS

	School District	1970 Adjusted Assessed Valuation Per P.U. in ADM[1]	Foundation Aid Per Pupil Unit in ADM 1972-73[1]	Percent State Aid of Adjusted Maintenance Expenditure[1]	Bonded Debt Per Resident Pupil Unit[1]
L	ST. LOUIS PARK	16,067	287	42.3	595
	ST. PAUL	15,934	280	48.5	1,518
	MINNEAPOLIS	18,873	220	44.1	635
	HOPKINS	13,583	348	48.0	1,212
	RICHFIELD	12,238	400	57.3	700
	ROSEVILLE	11,891	393	59.3	1,432
	ROCHESTER	12,508	378	54.2	870
	NO. ST. PAUL	9,065	478	63.6	1,533
ML	CHISHOLM	9,547	480	58.5	-
	ELY	4,204	632	82.7	-
MS	ZUMBROTA	8,937	494	68.5	1,004
S	FROST	23,192	216	42.4	-
	CYRUS	12,411	404	58.6	406

[1]Source - Minnesota Department of Education, State Aids, Statistics and Research Section

TABLE V-B

ADJUSTED ASSESSED VALUATION; FOUNDATION AID AND BONDED DEBT
MEDIAN TO HIGH EXPENDITURE SCHOOL DISTRICTS

	School District	1970 Adjusted Assessed Valuation Per P.U. in ADM[1]	Foundation Aid Per Pupil Unit in ADM 1972-73[1]	Percent State Aid of Adjusted Maintenance Expenditure[1]	Bonded Debt Per Resident Pupil Unit[1]
L	ROBBINSDALE	9,100	488	70.1	1,153
	MOORHEAD	8,056	508	72.6	905
	GRAND RAPIDS	8,879	487	72.4	661
	BURNSVILLE	9,791	456	62.0	1,807
	THIEF RIVER FALLS	6,019	569	87.1	529
	INTERNATIONAL FALLS	7,887	515	72.9	582
	WILLMAR	7,297	519	77.7	1,213
	MARSHALL	8,945	494	78.1	1,413
ML	LE SUEUR	7,943	512	78.2	995
	ROSEAU	4,777	613	95.7	657
MS	BIRD ISLAND	11,996	390	69.9	993
	ST. CLAIR	9,688	459	65.4	356
S	LA PORTE	3,495	645	103.9	12
	OKLEE	7,836	524	81.1	130

[1]Source - Minnesota Department of Education, State Aids, Statistics and Research Section

TABLE V-C

ADJUSTED ASSESSED VALUATION, FOUNDATION AID AND BONDED DEBT
LOW TO MEDIAN EXPENDITURE SCHOOL DISTRICTS

	School District	1970 Adjusted Assessed Valuation Per P.U. in ADM[1]	Foundation Aid Per Pupil Unit in ADM 1972-73[1]	Percent State Aid of Adjusted Maintenance Expenditure[1]	Bonded Debt Per Resident Pupil Unit[1]
L	LITTLE FALLS	4,598	548	82.0	1,751
	LAKEVILLE	6,621	557	91.8	136
	ANOKA	4,913	530	88.5	1,303
ML	JACKSON	13,271	354	67.3	1,085
	ST. CHARLES	7,516	524	78.8	875
	BRECKENRIDGE	10,867	429	74.6	971
MS	SPRING GROVE	9,407	479	76.9	113
	TRUMAN	18,260	222	42.4	1,006
	BECKER	4,154	590	93.1	1,760
S	RUSSELL	10,320	433	74.6	401
	CROMWELL	2,740	663	108.6	458
	BREWSTER	13,265	352	74.8	595

[1]Source - Minnesota Department of Education, State Aids, Statistics and Research Section

TABLE V-D

ADJUSTED ASSESSED VALUATION, FOUNDATION AID AND BONDED DEBT
LOW EXPENDITURE SCHOOL DISTRICTS

	School District	1970 Adjusted Assessed Valuation Per P.U. in ADM[1]	Foundation Aid Per Pupil Unit in ADM 1972-73[1]	Percent State Aid of Adjusted Maintenance Expenditure[1]	Bonded Debt Per Resident Pupil Unit[1]
L	BRAINERD	6,596	531	971.1	603
	CHISAGO LAKES	5,851	523	94.9	547
ML	BAGLEY	3,787	538	93.8	590
	HAYFIELD	9,238	425	81.7	829
	PINE CITY	5,277	473	87.4	388
	MAHNOMEN	5,787	479	102.7	433
MS	NEW YORK MILLS	3,905	537	99.1	972
	COTTONWOOD	10,601	407	77.2	484
	GOODHUE	9,087	411	86.4	812
S	SANBORN	15,119	257	63.3	388
	BRANDON	5,132	451	91.2	1,029

[1]Source - Minnesota Department of Education, State Aids, Statistics and Research Section

TABLE VI

COMPARISON OF STATE AID AS A PERCENTAGE OF
ADJUSTED MAINTENANCE EXPENDITURE FOR THE SCHOOL YEARS 1968-69 THROUGH 1972-73*

High Expenditure School Districts

	LEA	Percentage State Aid of Adjusted Maintenance Expenditure 1968-69	1969-70	1970-71	1971-72	1972-73	Increase 1968-69 to 1972-73
L	St. Louis Park	36.8	43.4	40.7	40.3	42.3	5.5
	St. Paul	37.3	41.1	41.0	40.6	48.5	11.2
	Minneapolis	42.8	39.6	43.7	45.8	44.1	1.3
	Hopkins	41.4	44.8	42.5	31.4	48.0	6.6
	Richfield	46.3	49.6	47.8	48.5	57.3	11.0
	Roseville	47.9	49.1	50.1	45.9	59.3	11.4
	Rochester	24.7	24.0	45.3	46.2	54.2	29.5
	No. St. Paul	54.6	55.6	49.4	49.9	63.6	9.0
ML	Chisholm	34.0	59.9	47.6	55.5	58.5	24.5
	Ely	54.1	66.6	64.5	74.4	82.7	28.6
MS	Zumbrota	58.7	54.1	59.3	61.1	68.5	9.8
S	Frost	24.1	32.4	32.0	32.1	42.4	18.3
	Cyrus	35.4	39.5	35.6	52.4	58.6	23.2

Median to High Expenditure School Districts

L	Robbinsdale	61.5	61.0	55.5	59.4	70.1	8.6
	Moorhead	62.5	57.6	55.3	65.2	72.6	10.1
	Grand Rapids	43.0	47.1	49.6	54.9	72.4	29.4
	Burnsville	42.4	48.1	46.3	52.5	62.0	19.6
	Thief River Falls	57.8	55.8	50.6	73.4	87.1	29.3
	International Falls	49.5	47.2	43.2	57.4	72.9	23.4
	Willmar	59.3	60.2	61.2	69.3	77.7	18.4
	Marshall	55.6	58.1	47.4	68.6	78.1	22.5
ML	Le Sueur	41.7	48.4	56.8	67.0	78.2	36.5
	Roseau	56.0	59.0	59.1	84.2	95.7	39.7
MS	Bird Island	41.6	41.2	38.3	47.3	69.9	28.3
	St. Clair	38.0	24.8	47.6	54.7	65.4	27.4
S	LaPorte	59.7	58.2	56.3	77.3	103.9	44.2
	Oklee	52.4	50.1	51.7	66.2	81.1	28.7

*Not including such aids as AFDC, Special Education and Vocational Education

TABLE VI (Continued)

Median to Low Expenditure School Districts

Percentage State Aid of Adjusted Maintenance Expenditure

	LEA	1968-69	1969-70	1970-71	1971-72	1972-73	Increase 1968-69 to 1972-73
L	Little Falls	60.1	51.1	64.8	80.9	82.0	21.9
	Lakeville	62.5	65.8	63.8	71.8	91.8	29.3
	Anoka	72.9	75.4	55.4	91.1	88.5	15.6
ML	Jackson	47.6	41.3	41.2	49.5	67.3	19.7
	St. Charles	62.1	62.3	59.0	62.5	78.8	16.7
	Breckenridge	57.2	43.5	48.0	61.9	74.6	17.4
MS	Spring Grove	40.8	56.6	55.0	58.7	76.9	36.1
	Truman	35.8	43.0	41.1	41.3	42.4	6.6
	Becker	71.1	66.8	62.8	84.8	93.1	22.0
S	Russell	47.3	52.5	47.0	69.3	74.6	27.3
	Cromwell	75.1	67.1	81.2	83.9	108.6	33.5
	Brewster	37.4	43.4	43.7	55.0	74.8	37.4

Low Expenditure School Districts

L	Brainerd	67.1	58.3	65.3	84.8	97.1	30.0
	Chisago Lakes	-*	57.5	62.4	92.5	94.9	-*
ML	Bagley	73.4	69.3	70.1	91.0	93.8	20.4
	Hayfield	50.2	49.2	62.0	61.5	81.7	31.5
	Pine City	76.7	69.4	83.3	97.9	87.4	10.7
	Mahnomen	72.7	73.3	65.5	90.5	102.7	30.0
MS	New York Mills	83.0	79.3	74.5	97.7	99.1	16.1
	Cottonwood	39.5	50.5	51.4	56.5	77.2	37.7
	Goodhue	61.9	65.6	73.0	87.5	86.4	24.5
S	Sanborn	30.7	28.6	44.2	56.2	63.3	32.6
	Brandon	59.7	70.9	75.8	94.4	91.2	31.5

*Chisago Lakes did not exist as a single school district in 1968-69.

TABLE VII-A

TEACHER SALARY DATA
HIGH EXPENDITURE SCHOOL DISTRICTS

	School District	Salary Schedule Data 1972-73[1] BA Minimum	MA Maximum	Percent of Teachers on Salary Schedule Maximum 1972-73	Average Salary of Professional Certificated Staff 1972-73	Ratio of Pupils to Total Staff FTE 1972-73[2]
L	St. Louis Park	$ 7,990	$16,459	55	$13,183	16.7
	St. Paul	7,700	16,325	40	12,289	16.8
	Minneapolis	7,600	16,480	40	12,901	16.4
	Hopkins	7,850	16,455	33	12,395	18.9
	Richfield	7,950	16,125	50	13,848	21.0
	Roseville	-	-	-	12,097	18.5
	Rochester	7,400	15,226	26	12,423	16.3
	No. St. Paul	7,850	16,036	26	11,941	19.6
ML	Chisholm	7,210	13,185	58	11,192	17.5
	Ely	7,480	13,000	57	11,094	17.1
MS	Zumbrota	7,500	12,130	26	11,641	15.6
S	Frost	7,200	11,500	-	8,523	10.9
	Cyrus	7,000	9,800	50	9,477	12.1

Sources: [1]Minnesota School Boards Association
[2]Minnesota Department of Education

TABLE VII-B

TEACHER SALARY DATA
MEDIAN TO HIGH EXPENDITURE SCHOOL DISTRICTS

	School District	Salary Schedule Data 1972-73[1] BA Minimum	MA Maximum	Percent of Teachers on Salary Schedule Maximum 1972-73	Average Salary of Professional Certificated Staff 1972-73	Ratio of Pupils to Total Staff FTE 1972-73[2]
L	Robbinsdale	$ 7,760	$16,300	30	$12,357	22.7
	Moorhead	7,400	13,200	30	11,064	14.4
	Grand Rapids	7,400	13,520	50	11,057	19.4
	Burnsville	7,850	15,850	14	10,999	21.2
	Thief River Falls	7,200	12,990	32	10,850	15.5
	International Falls	7,640	14,734	59	12,620	20.4
	Willmar	7,300	13,220	43	10,807	13.2
	Marshall	7,275	12,495	23	10,311	16.9
ML	Le Sueur	7,500	13,655	24	10,263	18.7
	Roseau	7,140	11,380	31	9,748	16.2
MS	Bird Island	7,100	11,300	15	8,884	14.8
	St. Clair	7,225	10,850	21	9,061	17.1
S	LaPorte	6,800	9,000	25	8,363	14.5
	Oklee	7,200	11,076	34	9,429	15.7

Sources: [1]Minnesota School Boards Association
[2]Minnesota Department of Education

TABLE VII-C

TEACHER SALARY DATA
MEDIAN TO LOW EXPENDITURE SCHOOL DISTRICTS

	School District	Salary Schedule Data 1972-73[1] BA Minimum	MA Maximum	Percent of Teachers on Salary Schedule Maximum 1972-73	Average Salary of Professional Certificated Staff 1972-73	Ratio of Pupils to Total Staff FTE 1972-73[2]
L	Little Falls	$ 7,375	$13,865	21	$10,218	18.7
	Lakeville	7,675	15,100	9	10,257	20.2
	Anoka	7,600	15,543	1	11,124	19.6
ML	Jackson	7,200	12,420	19	11,441	11.7
	St. Charles	7,300	11,490	21	9,749	16.0
	Breckenridge	7,100	11,900	19	9,558	16.6
MS	Spring Grove	7,200	11,500	38	9,095	17.6
	Truman	7,300	11,920	25	9,883	16.5
	Becker	7,225	11,190	8	8,860	18.1
S	Russell	7,050	9,550	17	8,977	15.5
	Cromwell	7,100	10,800	40	9,745	16.0
	Brewster	7,050	10,450	17	8,996	14.1

Sources: [1]Minnesota School Boards Association
[2]Minnesota Department of Education

TABLE VII-D

TEACHER SALARY DATA
LOW EXPENDITURE SCHOOL DISTRICTS

	School District	Salary Schedule Data 1972-73[1] BA Minimum	MA Maximum	Percent of Teachers on Salary Schedule Maximum 1972-73	Average Salary of Professional Certificated Staff 1972-73	Ratio of Pupils to Total Staff FTE 1972-73[2]
L	Brainerd	$ -	$ -	-	$ 9,703	16.6
	Chisago Lakes	7,400	12,400	17	9,965	18.6
ML	Bagley	7,250	11,350	25	9,500	15.4
	Hayfield	7,200	12,390	35	10,002	18.8
	Pine City	7,300	12,680	20	10,399	16.4
	Mahnomen	7,200	11,484	30	9,577	16.3
MS	New York Mills	7,200	11,595	40	9,909	18.9
	Cottonwood	7,100	10,625	64	9,628	16.4
	Goodhue	7,400	11,650	20	8,979	18.3
S	Sanborn	7,050	10,575	-	8,326	15.4
	Brandon	7,000	9,950	4	8,767	17.3

Sources: [1]Minnesota School Boards Association
[2]Minnesota Department of Education

TABULATIONS FROM TABLES VII-A THROUGH VII-D

The range and median of BA salary schedule minimums by expenditure level follow:

1972-73 Adjusted Maintenance Expenditure Level	BA Salary Schedule Minimums Range	Median
High	$7,000-7,990	$7,550
Median to High	6,800-7,850	7,287
Median to Low	7,050-7,645	7,212
Low	7,000-7,400	7,200

MA salary schedule maximums of the 50 school districts are tabulated below according to expenditure level.

1972-73 Adjusted Maintenance Expenditure Level	MA Salary Schedule Maximums Range	Median
High	$9,800-$16,480	$15,631
Median to High	9,000- 16,300	13,095
Median to Low	9,550- 15,543	11,910
Low	9,950- 12,680	11,620

Aspects of the relationship between level of expenditure and the percent of teachers in each of the 50 school districts who are at the salary schedule maximum for their level of training and experience is portrayed in the following tabulation:

1972-73 Adjusted Maintenance Expenditure Level	Percent of Teachers on Salary Schedule Maximum 1972-73 Range	Median
High	26-58	40
Median to High	14-59	30
Median to Low	1-40	19
Low	4-64	25

The fourth column in Tables VII-A through VII-D gives the average salary of professional certificated staff in each of the 50 school districts for 1972-73. The professional certificated staff includes all administrators, supervisors, special subject teachers and all others who hold certificates. In order to determine if there is a relationship between this salary figure and the expenditure level of these school districts, the range and median salary figure for each expenditure level have been tabulated below:

1972-73 Adjusted Maintenance Expenditure Level	Average Salary of Professional Certificated Staff, 1972-73	
	Range	Median
High	$8,523-$13,848	$12,097
Median to High	8,363- 12,620	10,581
Median to Low	8,860- 11,441	9,747
Low	8,326- 10,399	9,628

In the final column of Tables VII-A through VII-D, the ratio of pupils to total staff FTE is listed for each of the 50 school districts. The ratio is obtained by dividing the sum of kindergarten, elementary and secondary pupils by the total number of full time equivalent professional staff members employed by the district. A tabulation of this data similar to the previous ones follows:

1972-73 Adjusted Maintenance Expenditure Level	Pupil-Teacher Ratio, 1972-73	
	Range	Median
High	10.9-21.0	16.8
Median to High	13.2-22.7	16.6
Median to Low	11.7-20.2	16.6
Low	15.4-18.9	16.6

A tabulation of pupil-teacher ratios by school district size follows:

1972-73 Pupil Units	Pupil-Teacher Ratio, 1972-73	
	Range	Median
Large	13.2-22.7	18.6
Median to Large	11.7-18.8	16.4
Median to Small	14.8-18.9	17.1
Small	11.9-17.3	15.4

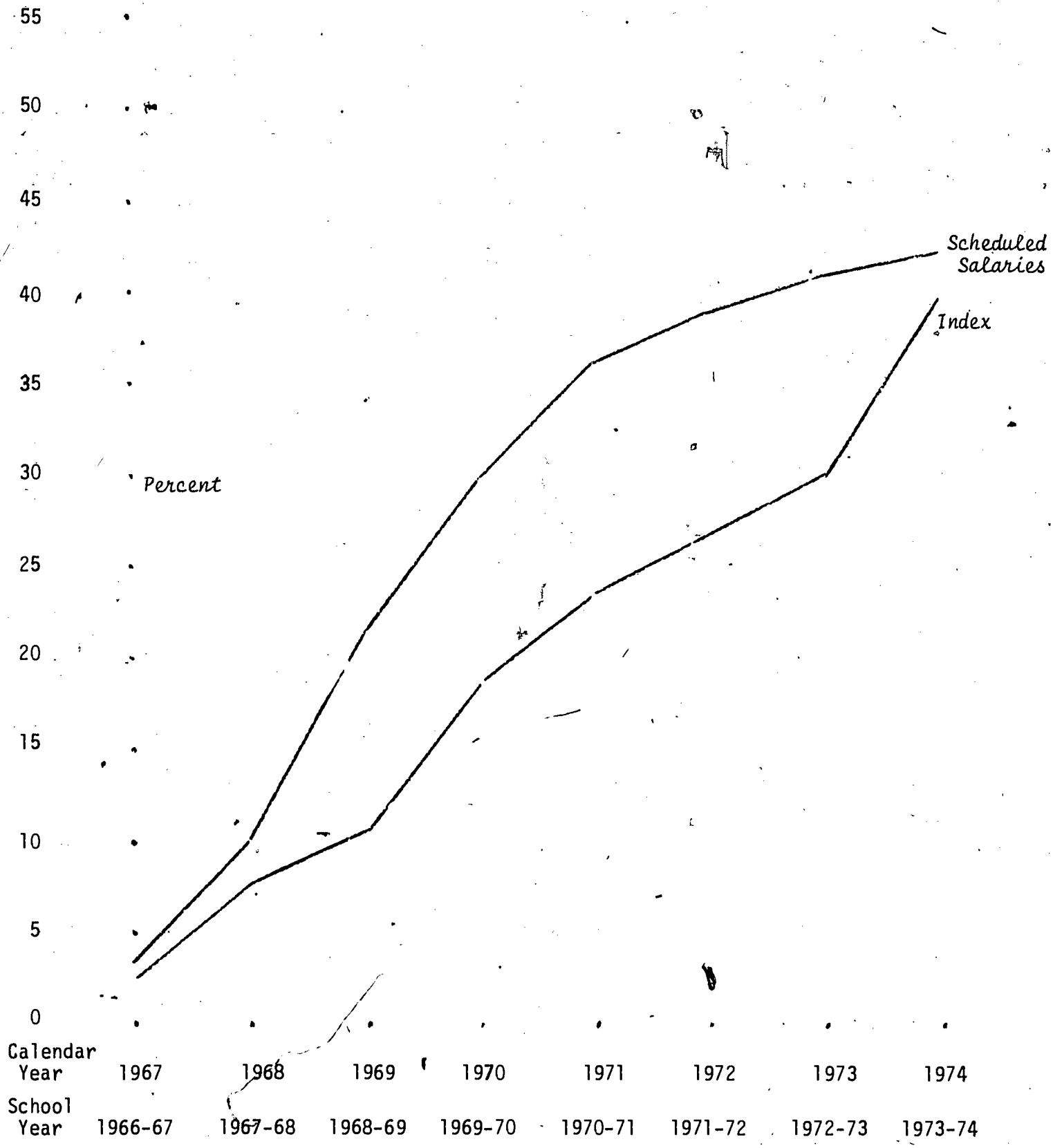
TWIN CITY ERDC NUMERICAL STAFFING RATIO STUDY

In column A below the 12 sample school districts, with the highest expenditure in 1972-73 level, are ranked according to that level. All but one of the high expenditure districts, Rochester and two of the four median to high expenditure districts, Moorhead and Grand Rapids are members of the ERDC. In column B the sample school districts that are also members of the ERDC are listed in the order of their 1973-74 total professional staff numerical staffing ratio.

Column A		Column B	
1	St. Louis Park	2	St. Louis Park
2	St. Paul	3	St. Paul
3	Minneapolis	6	Hopkins
4	Hopkins	9	Minneapolis
5	Richfield	14	Roseville
6	Roseville	16	Richfield
7	Rochester	19	Robbinsdale
8	North St. Paul	21	North St. Paul
9	Robbinsdale	22	Burnsville
10	Moorhead		
11	Grand Rapids		
12	Burnsville		

GRAPH A

COMPARISON OF ANNUAL PERCENTAGE INCREASES IN MINNESOTA SCHEDULED TEACHER SALARIES* AND CONSUMER PRICE INDEX**

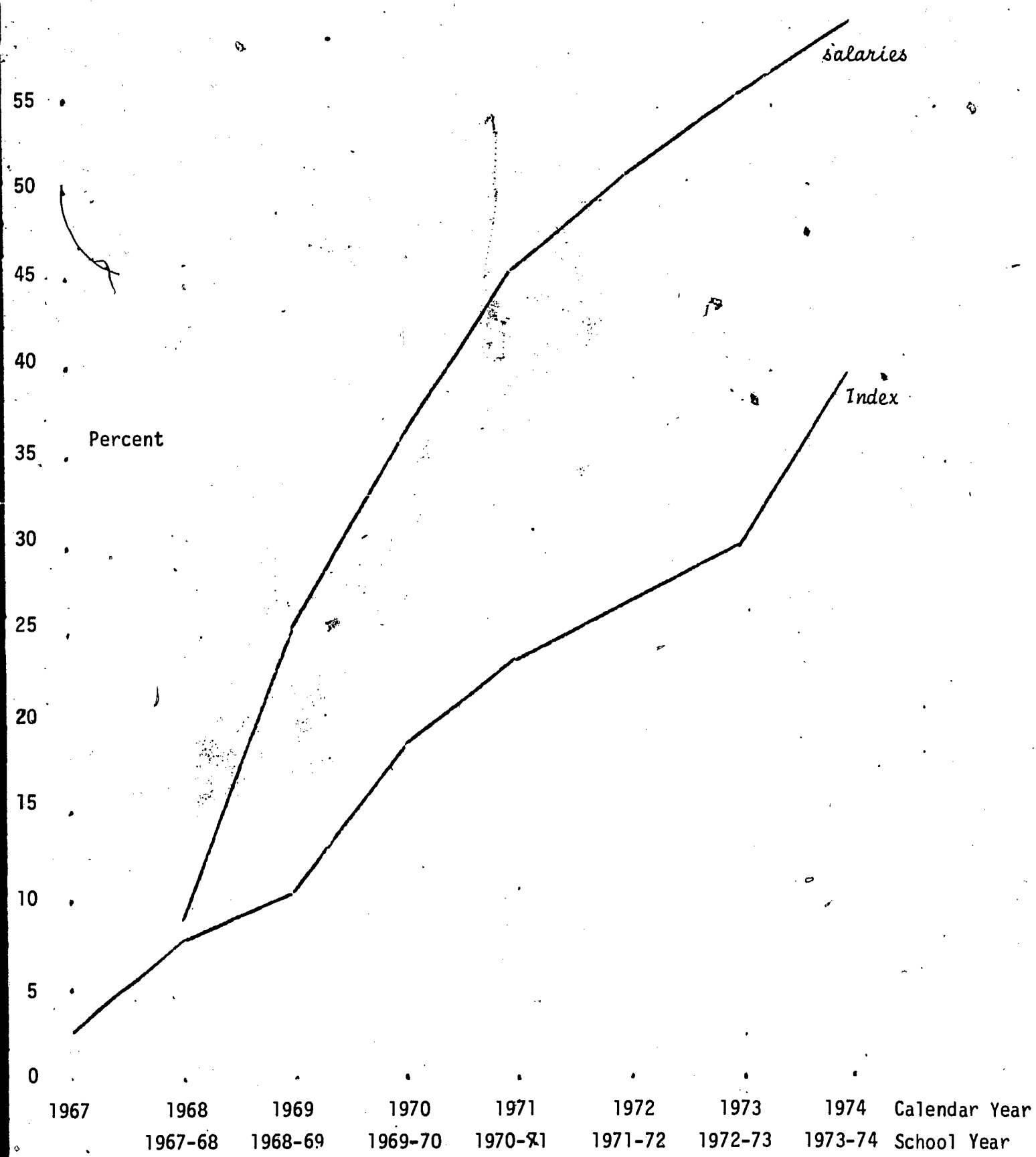


*Medians of maximum scheduled salaries at the bachelor degree level. Source: Minnesota Education Association.

**January figure for the Minneapolis-St. Paul area.

GRAPH B

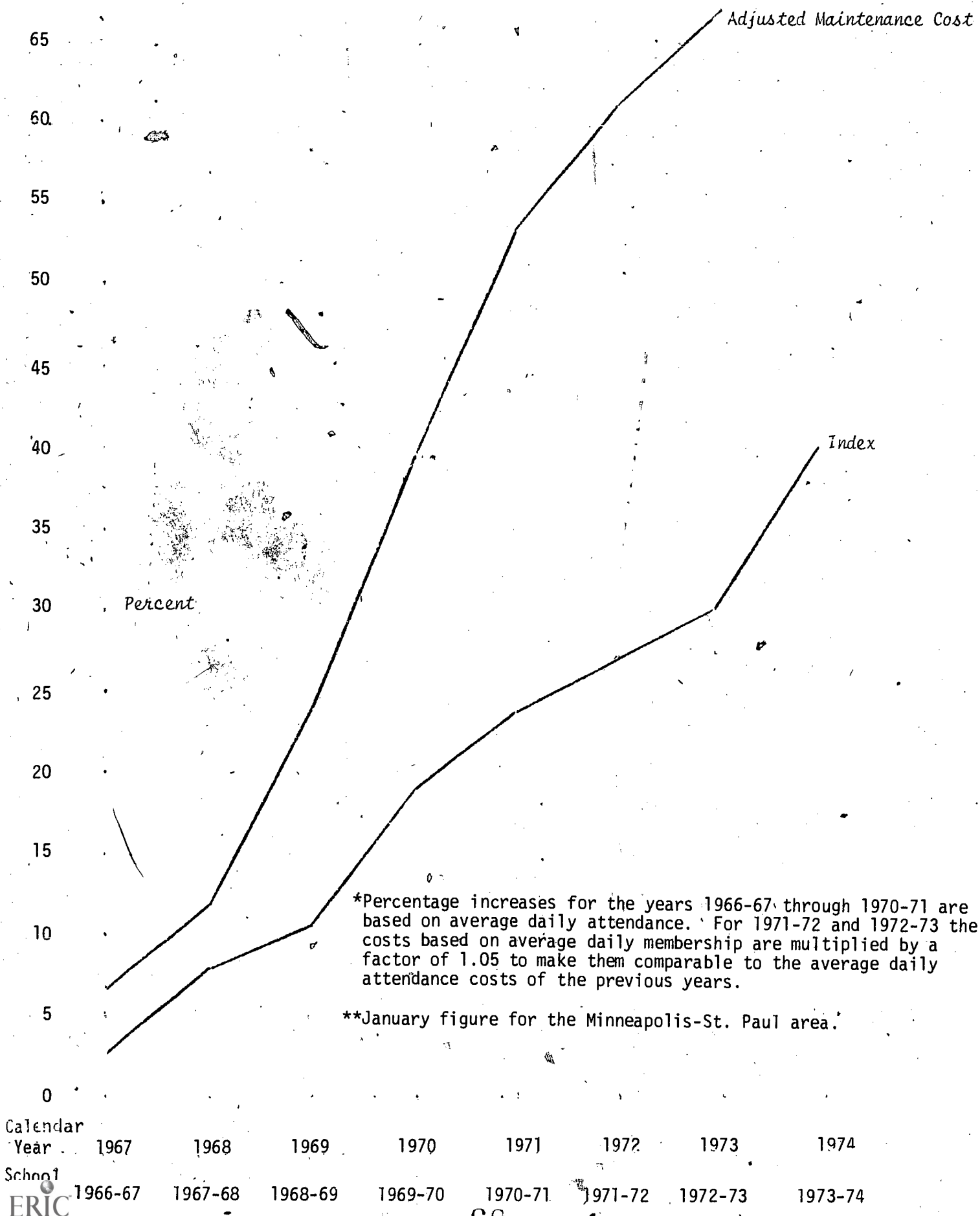
COMPARISON OF ANNUAL PERCENTAGE INCREASES IN
MINNESOTA TEACHER SALARIES* AND CONSUMER PRICE INDEX**



*Total package teacher salary increase including increment and insurance fringes. Source: Minnesota School Boards Association.

**January figure for the Minneapolis-St. Paul area.

COMPARISON OF ANNUAL PERCENTAGE INCREASES IN MINNESOTA'S ADJUSTED MAINTENANCE COST* AND CONSUMER PRICE INDEX**



*Percentage increases for the years 1966-67 through 1970-71 are based on average daily attendance. For 1971-72 and 1972-73 the costs based on average daily membership are multiplied by a factor of 1.05 to make them comparable to the average daily attendance costs of the previous years.

**January figure for the Minneapolis-St. Paul area.

TABLE VIII

ADJUSTED GROSS INCOME, ADJUSTED ASSESSED PROPERTY VALUATION PER PUPIL UNIT, AND VALUATION AS PERCENT OF INCOME FOR A SAMPLE OF 50 MINNESOTA SCHOOL DISTRICTS

School District (Largest to Smallest Enrollment) (1)	1972 Federal Adjusted Gross Income Per 72-73 P.U. Without AVT (2)	1972 Adjusted Assessed Valuation Per 72-73 P.U. Without AVT (3)	Valuation As Percent of Income Column 3 Divided by Column 2 (4)
Minneapolis	25,124	20,233	80.5
St. Paul	28,863	27,284	59.9
Anoka	9,489	6,449	68.0
Robbinsdale	11,588	10,598	91.5
Rochester	15,787	13,897	88.0
Roseville	11,768	13,938	118.4
No. St. Paul	9,182	11,280	122.8
Hopkins	15,438	15,727	101.9
Richfield	17,148	14,538	84.8
St. Louis Park	17,857	17,427	97.6
Burnsville	13,118	13,074	99.7
Moorhead	11,797	9,007	76.3
Brainerd	9,020	7,731	85.7
Grand Rapids	8,640	11,212	129.8
Willmar	11,142	8,593	77.1
Little Falls	7,249	5,635	77.7
International Falls	9,736	6,491	66.7
Thief River Falls	10,463	7,501	71.7
Marshall	12,562	10,380	82.6
Lakeville	9,688	8,915	92.0
Chisago Lakes	9,759	8,211	84.1
Pine City	7,628	7,295	95.6
Breckenridge	8,749	10,773	123.1
Jackson	9,457	14,141	148.1
Ely	10,769	5,001	46.3
Chisholm	11,071	8,312	75.1
Roseau	8,672	5,645	65.1
Le Sueur	10,652	9,029	84.8
Bagley	5,319	5,098	95.8
Hayfield	7,762	10,146	130.7
Mahnomen	5,127	5,866	114.4
St. Charles	7,991	8,566	107.2
New York Mills	5,122	4,356	85.0
Zumbrota	10,334	11,028	106.7
Bird Island	8,041	12,849	159.8

TABLE VIII (Continued)

School District (Largest to Smallest Enrollment) (1)	1972 Federal Adjusted Gross Income Per 72-73 P.U. Without AVT (2)	1972 Adjusted Assessed Valuation Per 72-73 P.U. Without AVT (3)	Valuation As Percent of Income Column 3 Divided by Column 2 (4)
Goodhue	6,854	10,266	149.8
Truman	10,587	19,810	187.1
St. Clair	4,959	10,935	220.5
Becker	6,041	5,465	50.5
Cottonwood	7,627	11,278	147.9
Spring Grove	9,430	11,059	117.3
Oklee	5,774	8,744	151.4
Brandon	4,959	5,986	120.7
Cromwell	5,941	4,290	72.2
Brewster	6,841	14,036	205.2
Sanborn	8,335	16,004	129.0
Russell	5,871	10,194	173.6
LaPorte	4,861	4,727	97.2
Frost	9,073	24,102	265.6
Cyrus	7,236	12,885	178.1

Table IX

PUPIL/STAFF PROFILE FOR 50 SELECTED MINNESOTA SCHOOL DISTRICTS

	School District	TOT-ENR[1]	TOT-CLT[2]	OTHINST[3]	TOT-AUX[4]	PUP/CL[5]	PUP/INS[6]	PUP/TIN[7]	PUP/AUX[8]	PUP/TOTS[9]	TOTST/PUP[10]
High Expenditure	St. Louis Park	8,813	424.93	94.47	16.84	20.74	93.29	16.97	523.34	16.43	60.80
	St. Paul	44,050	1,867.34	450.32	223.84	23.59	97.82	19.01	196.79	17.33	57.70
	Minneapolis	57,247	2,434.79	705.17	300.65	23.51	81.18	18.23	190.41	16.64	60.10
	Hopkins	9,664	460.21	86.53	20.56	21.00	111.68	17.68	470.04	17.04	58.70
	Richfield	8,971	390.97	67.87	21.60	22.95	132.18	19.55	415.32	18.67	53.60
	Roseville	12,435	533.49	109.54	27.25	23.31	113.52	19.34	456.33	18.55	53.90
	Rochester	15,759	760.50	151.08	10.50	20.72	104.31	17.29	1,500.86	17.09	58.50
	No. St. Paul	11,640	464.80	85.10	9.00	25.04	136.78	21.17	1,293.33	20.83	48.00
	Chisholm	1,486	70.36	13.86	1.20	21.12	107.22	17.64	1,238.33	17.40	57.50
	Ely	1,634	76.46	21.50	1.40	21.37	76.00	16.68	1,167.14	16.45	60.80
	Zumbrota	843	46.69	8.58	1.00	18.06	98.25	15.25	843.00	14.98	66.70
	Frost	210	15.98	2.60	1.00	13.14	80.77	11.30	210.00	10.73	93.20
	Cyrus	207	15.15	1.40	.87	13.66	147.86	12.51	237.93	11.88	84.20
Medium to High Expenditure	Robbinsdale	25,860	1,104.93	173.67	50.00	23.40	148.90	20.23	517.20	19.46	51.40
	Moorhead	6,952	357.55	53.69	11.00	19.44	129.48	16.90	632.00	16.46	60.70
	Grand Rapids	5,389	247.06	34.54	7.00	21.81	156.02	19.14	769.86	18.67	53.60
	Burnsville	10,289	428.97	71.83	10.00	23.99	143.24	20.55	1,028.90	20.14	49.60
	Thief River Falls	3,273	140.57	27.30	4.33	23.28	119.89	19.50	755.89	19.01	52.60
	International Falls	3,370	148.20	19.16	3.80	22.74	175.89	20.14	886.84	19.69	50.80
	Willmar	4,306	197.72	45.35	7.00	21.78	94.95	17.72	615.14	17.22	58.10
	Marshall	2,645	130.56	18.88	3.40	20.26	140.10	17.70	777.94	17.31	57.80
	LeSueur	1,540	71.04	11.04	1.00	21.68	139.49	18.76	1,540.00	18.54	53.90
	Roseau	1,513	69.26	21.50	1.67	21.85	70.37	16.67	905.99	16.37	61.10
	Bird Island	744	44.76	5.20	2.00	16.62	143.08	14.89	372.00	14.32	69.80
	St. Clair	632	34.40	2.60	2.00	18.37	243.08	17.08	316.00	16.21	61.70
	LaPorte	273	17.92	1.36	1.00	15.23	200.74	14.16	273.00	13.46	74.30
	Oklee	484	26.00	4.00	1.00	18.62	121.00	16.13	484.00	15.61	64.00

Table IX (continued)

	School District	TOT-ENR[1]	TOT-CLT[2]	OTHINST[3]	TOT-AUX[4]	PUP/CL[5]	PUP/INS[6]	PUP/TIN[7]	PUP/AUX[8]	PUP/TOTS[9]	TOTST/PUP[10]
Low to Medium Expenditure	Little Falls	4,024	173.67	38.50	4.35	23.17	104.52	18.97	925.06	18.58	53.80
	Lakeville	2,727	113.30	21.00	4.00	24.07	129.86	20.31	681.75	19.72	50.70
	Anoka	30,779	1,231.09	237.68	22.80	25.00	129.50	20.96	1,349.96	20.64	48.50
	Jackson	1,440	72.00	11.00	3.40	20.00	130.91	17.35	423.53	16.67	60.00
	St. Charles	1,113	58.13	9.42	1.00	19.15	118.15	16.48	1,113.00	16.24	61.60
	Breckenridge	1,487	82.28	9.90	1.00	18.07	150.20	16.13	1,487.00	15.96	62.70
	Spring Grove	556	28.38	3.23	1.00	19.59	172.14	17.59	556.00	17.05	58.70
	Truman	654	35.78	4.00	1.00	18.28	163.50	16.44	654.00	16.04	62.40
	Becker	647	29.00	7.00	1.00	22.31	92.43	17.97	647.00	17.49	57.20
	Russell	279	17.12	1.78	.00	16.30	156.74	14.76	.00	14.76	67.70
	Cromwell	380	22.30	3.50	1.00	17.04	108.57	14.73	380.00	14.18	70.50
	Brewster	360	21.66	2.00	.50	16.62	180.00	15.22	720.00	14.90	67.10
Low Expenditure	Brainerd	6,802	271.63	57.20	3.00	25.04	118.92	20.69	2,267.33	20.50	48.80
	Chisago Lakes	2,055	97.83	16.00	2.00	21.01	128.44	18.05	1,027.50	17.74	56.40
	Bagley	1,484	64.60	19.00	2.20	22.97	78.11	17.75	674.55	17.30	57.80
	Hayfield	1,323	61.70	9.20	2.00	21.44	143.80	18.66	661.50	18.15	55.10
	Pine City	1,629	67.80	11.00	1.00	24.03	148.09	20.67	1,629.00	20.41	49.00
	Mahnomen	1,074	56.20	11.50	1.00	19.11	93.39	15.86	1,074.00	15.63	64.00
	New York Mills	850	33.20	8.20	1.00	25.60	103.66	20.53	850.00	20.05	49.90
	Cottonwood	548	27.03	3.57	1.00	20.27	153.50	17.91	548.00	17.34	57.70
	Goodhue	739	34.10	5.10	1.00	21.67	144.90	18.85	739.00	18.38	54.40
	Sanborn	354	20.90	1.50	1.00	16.94	236.00	15.80	354.00	15.13	66.10
	Brandon	490	24.10	2.80	1.00	20.33	175.00	18.22	490.00	17.56	56.90
	Minnesota	900,419	40,355.73	7,671.62	1,696.37	22.31	117.37	18.75	530.79	18.11	55.22

DEFINITION OF COLUMN HEADINGS (Tables IX & X)

1. TOT-ENR - The Total Enrollment obtained by adding the Total Elementary Enrollment to the Total Secondary Enrollment.

2. TOT-CLT - The Total Classroom Teachers obtained by adding the classroom teachers into a total.

3. OTHINST - The Other Instructional Staff obtained by adding the Other Instructional Staff into a total.

4. TOT-AUX - The Total Auxiliary Staff obtained by adding the Auxiliary Staff into a total.

5. PUP/CLT - The ratio obtained by dividing the Total Enrollment by the Total Classroom Teachers:

$$PUP/CLT = \frac{\text{Total Enrollment}}{CLT}$$

6. PUP/INS - The ratio obtained by dividing the Total Enrollment by the Total Enrollment by the Total Other Instructional Staff;

$$PUP/INS = \frac{\text{Total Enrollment}}{OTHINST}$$

7. PUP/TINS - The ratio obtained by dividing the Total Enrollment by the Total of the Total Classroom Teachers and Total Other Instructional Staff:

$$PUP/TINS = \frac{\text{Total Enrollment}}{CLT + OTHINST}$$

8. PUP/AUX - The ratio obtained by dividing the Total Enrollment by Total Auxiliary Staff:

$$PUP/AUX = \frac{\text{Total Enrollment}}{TOT\text{-}AUX}$$

9. PUP/TOTST- The ratio obtained by dividing the Total Enrollment by the Total Staff:

$$PUP/TOTST = \frac{\text{Total Enrollment}}{CLT + OTHINST + AUX}$$

10. TOTST/PUP - The ratio of the number of staff per-thousand pupils. It is obtained by dividing the total number of staff by the Total Enrollment and multiplying by 1000.

$$TOTST/PUP = \frac{CLT + OTHINST + AUX \times 1000}{\text{Total Enrollment}}$$

Table X

PUPIL/STAFF PROFILE FOR 50 SELECTED MINNESOTA SCHOOL DISTRICTS

School District (Largest to Smallest Enrollment)	TOT-ENR[1]	TOT-CLT[2]	OTHINST[3]	TOT-AUX[4]	PUP/CL[5]	PUP/INS[6]	PUP/TIN[7]	PUP/AUX[8]	PUP/TOTS[9]	TOTST/PUP[10]
Minneapolis	57,247	2,434.79	705.17	300.65	23.51	81.18	18.23	190.41	16.64	60.10
St. Paul	44,050	1,867.34	450.32	223.84	23.59	97.82	19.01	196.79	17.33	57.70
Anoka	30,799	1,231.09	237.68	22.80	25.00	129.50	20.96	1,349.96	20.64	48.50
Robbinsdale	25,860	1,104.93	173.67	50.00	23.40	148.90	20.23	517.20	19.46	51.40
Rochester	15,759	760.50	151.08	10.50	20.72	104.31	17.29	1,500.86	17.09	58.50
Roseville	12,435	533.49	109.54	27.25	23.31	113.52	19.34	456.33	18.55	53.90
No. St. Paul	11,640	464.80	85.10	9.00	25.04	136.78	21.17	1,293.33	20.83	48.00
Hopkins	9,664	460.21	86.53	20.56	21.00	111.68	17.68	470.04	17.04	58.70
Richfield	8,971	390.97	67.87	21.60	22.95	132.18	19.55	415.32	18.67	53.60
St. Louis Park	8,813	424.93	94.47	16.84	20.74	93.29	16.97	523.34	16.43	60.80
Burnsville	10,289	428.97	71.83	10.00	23.99	143.24	20.55	1,028.90	20.14	49.60
Moorhead	6,952	357.55	53.69	11.00	19.44	129.48	16.90	632.00	16.46	60.70
Brainerd	6,802	271.63	57.20	3.00	25.04	118.92	20.69	2,267.33	20.50	48.80
Grand Rapids	5,389	247.06	34.54	7.00	21.81	156.02	19.14	769.86	18.67	53.60
Willmar	4,306	197.72	45.35	7.00	21.78	94.95	17.72	615.14	17.22	58.10
Little Falls	4,024	173.67	38.50	4.35	23.17	104.52	18.97	925.06	18.58	53.80
International Falls	3,370	148.20	19.16	3.80	22.74	175.89	20.14	886.84	19.69	50.80
Thief River Falls	3,273	140.57	27.30	4.33	23.28	119.89	19.50	755.89	19.01	52.60
Marshall	2,645	130.56	18.88	3.40	20.26	140.10	17.70	777.94	17.31	57.80
Lakeville	2,727	113.30	21.00	4.00	24.07	129.86	20.31	681.75	19.72	50.70
Chisago Lakes	2,055	97.83	16.00	2.00	21.01	128.44	18.05	1,027.50	17.74	56.40
Pine City	1,629	67.80	11.00	1.00	24.03	148.09	20.67	1,629.00	20.41	49.00
Breckenridge	1,487	82.28	9.90	1.00	18.07	150.20	16.13	1,487.00	15.96	62.70

(TABLE X continued)

School District (Largest to Smallest Enrollment)	TOT-ENR[1]	TOT-CLT[2]	OTHINST[3]	TOT-AUX[4]	PUP/CL[5]	PUP/INS[6]	PUP/TIN[7]	PUP/AUX[8]	PUP/TOTS[9]	TOTST/PUP[10]
Jackson	1,440	72.00	11.00	3.40	20.00	130.91	17.35	423.53	16.67	60.00
Ely	1,634	76.46	21.50	1.40	21.37	76.00	16.68	1,167.14	16.45	60.80
Chisholm	1,486	70.36	13.86	1.20	21.12	107.22	17.64	1,238.33	17.40	57.50
Roseau	1,513	69.26	21.50	1.67	21.85	70.37	16.67	905.99	16.37	61.10
LeSueur	1,540	71.04	11.04	1.00	21.68	139.49	18.76	1,540.00	18.54	53.90
Bagley	1,484	64.60	19.00	2.20	22.97	78.11	17.75	674.55	17.30	57.80
Hayfield	1,323	61.70	9.20	2.00	21.44	143.80	18.66	661.50	18.15	55.10
Mahnomen	1,074	56.20	11.50	1.00	19.11	93.39	15.86	1,074.00	15.63	64.00
St. Charles	1,113	58.13	9.42	1.00	19.15	118.15	16.48	1,113.00	16.24	61.60
New York Mills	850	33.20	8.20	1.00	25.60	103.66	20.53	850.00	20.05	49.90
Zumbrota	843	46.69	8.58	1.00	18.06	98.25	15.25	843.00	14.98	66.70
Bird Island	744	44.76	5.20	2.00	16.62	143.08	14.89	372.00	14.32	69.80
Goodhue	739	34.10	5.10	1.00	21.67	144.90	18.85	739.00	18.38	54.40
Truman	654	35.78	4.00	1.00	18.28	163.50	16.44	654.00	16.04	62.40
St. Clair	632	34.40	2.60	2.00	18.37	243.08	17.08	316.00	16.21	61.70
Becker	647	29.00	7.00	1.00	22.31	92.43	17.97	647.00	17.49	57.20
Cottonwood	548	27.03	3.57	1.00	20.27	153.50	17.91	548.00	17.34	57.70
Spring Grove	556	28.38	3.23	1.00	19.59	172.14	17.59	556.00	17.05	58.70
Oklee	484	26.00	4.00	1.00	18.62	121.00	16.13	484.00	15.61	64.00
Brandon	490	24.10	2.80	1.00	20.33	175.00	18.22	490.00	17.56	56.90
Cromwell	380	22.30	3.50	1.00	17.04	108.57	14.73	380.00	14.18	70.50
Brewster	360	21.66	2.00	.50	16.62	180.00	15.22	720.00	14.90	67.10
Sanborn	354	20.90	1.50	1.00	16.94	236.00	15.80	354.00	15.13	66.10

(Table X continued)

School District (Largest to Smallest Enrollment)	TOT-ENR[1]	TOT-SLT[2]	OTHINST[3]	TOT-AUX[4]	PUP/CL[5]	PUP/INS[6]	PUP/TIN[7]	PUP/AUX[8]	PUP/TOTS[9]	TOTST/PUP[10]
Russell	279	17.12	1.78	.00	16.30	156.74	14.76	.00	14.76	67.70
LaPorte	273	17.92	1.36	1.00	15.23	200.74	14.16	273.00	13.46	74.30
Frost	210	15.98	2.60	1.00	13.14	80.77	11.30	210.00	10.73	93.20
Cyrus	207	15.15	1.40	.87	13.66	147.86	12.51	237.93	11.88	84.20
Minnesota	900,419	40,355.73	7,671.62	1,696.37	22.31	117.37	18.75	530.79	18.11	55.22

LOCAL DISCRETION/TAX LIMITATIONS

Committee Members:

Ms. Sally Olsen, Chairwoman
Senator Jerald Anderson
Mr. Robert Arnold
Mr. Robert Bonine
Mr. Michael Cullen
Ms. Jo Malmsten
Dr. Lloyd Nielsen
Mr. Bernie Pirjevec
Mr. Lew Wermager
Mr. Henry Winkels

ISSUE PAPER ON SCHOOL TAX LEVY LIMITATIONS

A major change in the financing of public elementary and secondary education was enacted in 1971. As a result of Legislative action, the State assumed a more predominant role in making available necessary school financial resources. However, for the 1972-73 school year, the state provided 53 percent of total receipts and the federal government 6 percent. Thus, the local school district had to obtain a major portion of total receipts through the only available vehicle - a tax against local property.

Limitations on the property tax have combined with rapidly rising expenditures to place some school districts in a posture of having insufficient funds. Provision must be made to access state funding for essential programs and services or to grant additional tax levying power to school districts.

County assessors determine the value of property and use this valuation to calculate the amount of tax payable. By action of the 1973 Legislature the annual increase in property valuation is essentially limited to 5 percent. An equalized assessment of property (the EARC valuation) is also determined and is used in the distribution of state aids to schools. This EARC valuation is more comparable from county to county than is the assessor's valuation but is not subject to the same growth limitation.

By law, school districts have a basic maintenance mill levy limitation of 30 mills times the total EARC valuation. High expenditure districts are permitted an excess maintenance levy but this excess is to be gradually reduced over a period of 40 years. School districts may levy a special tax for capital outlay but again a maximum levy is identified in legislation. Other special levies, such as for transportation and community schools, are permissible by legislation.

In some instances, school districts need not levy to the maximum permissible by law to raise sufficient operating revenue. In these instances, unused tax levying margins are created and a lessor tax effort is exerted by taxpayers in favored circumstances.

When insufficient revenues are produced from state and local sources, the school district may conduct a referendum to raise the tax levy limit. Since 1971, 15 such referenda have been conducted in the state with nine approvals and six disapprovals.

The principle difficulties with the tax levy limitations are that all school districts do not achieve equality under the law and some programs cannot be funded with existing resources. Adjustments in state foundation aid and/or tax levy limitations are called for in unique circumstances.

RECOMMENDATIONS

1. The State should assure equitable property tax effort in support of public elementary and secondary education among school districts by modifying the state formula such that foundation aids are paid to each school district in direct proportion to the relationship between the maximum allowable maintenance tax levy and the actual levy. Any reduction in state funds caused by this effort requirement should be subject to review by the State Board of Education upon application by the affected school district.

   A maximum maintenance tax levy against EARC property valuation for each school district is based upon its historical expenditure pattern. A study sample reveals that the majority of school districts are exerting maximum local effort by levying to the limit permissible. However, not

all school districts are levying to that allowable maximum. Thus is created a system of disparities in local tax effort among school districts for support of education. This recommendation would assure equal tax effort among all school districts but would still provide necessary financial resources for those currently exerting less than maximum tax effort.

2. Assessed valuation of property should be allowed to change up to the same rate as the adjusted assessed (EARC) valuation of property.

State law limits to five percent the annual rate at which the assessed valuation of property may increase. However, the limitation placed upon the increases in adjusted assessed (EARC) valuation of property is eight percent. For this reason EARC property valuation tends to increase at a more rapid rate than does assessed valuation. In calculating state aids, the more rapidly growing EARC property valuation is utilized to determine the deduction based upon local property wealth.

The local share of school financial support is based upon the more growth restricted assessed valuation. This means that the local mill rate must increase each year at a pace more rapid than would be necessary if both property valuations could change at the same rate. Further, the property tax supported share of public education may be growing in percentage while the state funded percentage may be declining.

3. The Minnesota Legislature should enact a flexible formula which allows individual local school districts to increase or decrease property tax levies above the allowable maximum in response to (a) inflationary/recessionary trends and (b) the changing level of state financial support for public school districts.

Inflation has become a significant factor in financing of the schools. Many local school districts are making program and personnel reductions when enrollments, local discretion, and finances so require. However, in some instances, rapidly escalating costs combine with property tax limitations to force choices which encroach upon the quality of the educational program. In these instances, school districts may not be able to maintain the desired level of educational service for children.

State government essentially operates on the basis of a two year cycle and works within the framework of a biennial budget. The Legislature must estimate the costs of programs over a two year span and appropriate funds accordingly. In recent years, inflation has escalated at a pace that had not been predicted. Many districts were caught in a posture of being unable to raise sufficient revenue to meet these escalating costs. The Legislature does estimate and provide for inflationary costs but local school districts must have authority to levy a tax to produce the revenue necessary for some phases of school operation when state and other local funds are inadequate.

4. <u>The Legislature should authorize an interim committee study of restoring a limited local discretion property tax on a power equalized basis.</u>

School districts currently do not have discretion in levying property tax in excess of the 30 EARC mill levy for basic maintenance costs. However, in the opinion of some persons a degree of discretion should be available to the local school board to maintain vitality for educational service improvement. The argument is put forth that the abrupt discontinuance of local discretion will have a long term detrimental impact upon the schools. This discretion, however, should also be equalized as is possible under the power equalizing concept.

ISSUE PAPER ON SCHOOL TAX LEVY LIMITATIONS

School boards of independent school districts in Minnesota may annually certify a dollar amount to the county auditor which is to be raised by a tax against property in the school district. The auditor, in turn, levies such a total number of mills ($.001) against the assessed valuation of property as shall be necessary to produce the required revenue. The total school mill rate may be composed of a number of separate school fund levies - several of which will be described in this paper.

Since 1921, school boards, through the county auditor, have had several limitations imposed upon their revenue raising power. Prior to 1971, these limitations were primarily in the form of maximum taxes which could be collected on a per capita basis. While some school districts did feel the constraint of this legislation, per capita limitations did not impact upon the majority of Minnesota school districts.

In 1971, the Minnesota Legislature accepted prime responsibility for financing of elementary and secondary education. Through passage of the historic Omnibus Tax Bill, the State increased the average contribution toward per pupil unit maintenance cost from 43 to nearly 70 percent. At the same time, however, the Legislature placed a limit upon the amount which could be levied as a school tax in any school district. Thus, the State acted to increase state financial support, limit increases in school property taxes, and equalize educational revenue among school districts.

ASSESSED VALUATION OF PROPERTY

All real property in Minnesota is valued or appraised by local or county assessors. Each valuation is then multiplied by a specified factor de-

pending on the classification to which the property is assigned. Each resulting valuation is called the assessed valuation. This assessed valuation, which is only a fraction of true market value, is then the basis of taxation.

When a school district, county or municipality establishes the total amount needed or permitted from local taxes, this amount is "spread" over all the taxable property in the governmental unit and the rate of taxation is expressed in (county auditor) mills. A mill is a 1/10 of one cent tax on every dollar of the assessed value of taxable property.

There are a wide variety of assessment practices among the counties. Since the value of the property in a district determines how much the district gets in foundation aids, the Equalization Aid Review Committee (EARC) has been established to "equalize" or make comparable assessed valuations from county to county. The valuation so computed is known as the "EARC valuation" or "adjusted assessed valuation." The EARC valuation of a district is based only on property currently taxable.

By action of the 1973 and 1974 Legislatures, the assessed valuation of property cannot increase by more than five percent in any one year. However, EARC valuation is not subject to this same limitation - EARC valuation can increase at the rate of eight percent per year, thus creating a situation wherein two valuations used for a school purpose are subject to different limitations.

STATE MANDATED TAX LEVY LIMITATIONS

As will be noted, the State legislation makes considerable effort to equalize the availability of funds among school districts. This equalization is

achieved through limitations on tax levying power in a number of categorical areas. A summary of some of these limitations follows:

Basic Maintenance Levy

State foundation aid and levy entitlements have, since 1972-73, been based on permitted costs for each district derived from its 1970-71 adjusted maintenance costs. For each district, an adjusted maintenance cost per pupil unit was computed for 1970-71. For the 1972-73, the 1973-74, and the 1974-75 school years this cost was uniformly increased in determining entitlements. However, if the district had an adjusted maintenance cost per pupil unit less than $663 in 1970-71 (the so-called low-cost districts), the Legislation allowed for an increase in per pupil unit expenditures at a more rapid rate than was allowed for the high cost districts.

The Foundation Aid formula provides a specified amount per pupil unit minus 30 mills (.030) times the most current EARC valuation of property. A proportionate downward adjustment is made to this formula in the instance of low-cost districts.

A sample of 50 representative school districts has been selected for use in the school finance study. As shown in Table I, in the Appendix, not all of the sample school districts are limited to 30 mills (excess maintenance levies for high spending districts are described in the following section). Further, as noted above, several of the low spending school districts have a maximum allowable levy which is below the prescribed 30 mills. It is of significance to note, however, that only 14 of the 50 sample school districts are not levying to the allowable maximum. In terms of type of school districts according to expenditure pattern, the following prevails:

	No. of districts	No. not levying to maximum
high expenditure	13	1
median of high expenditure	14	2
low to median expenditure	12	3
low expenditure	11	8

Excess Maintenance Tax Levy

If the district is a high-cost district, it is entitled to make an excess levy. The basic levy and the foundation aid formula provide the maximum foundation amount for each pupil in the district ($788 for 1973-74, $825 for 1974-75 and presumably $860 for 1975-76.) Subtracting this prescribed maximum foundation amount from the permitted cost for the same year yields the amount of excess levy that can be made for each pupil unit.

As an example, if a district spent $850 per pupil unit in 1970-71, it would have been permitted a cost of $975 in 1973-74, that is $850 + $87 + $38. $788 would be provided for each pupil unit from the foundation aid and the basic levy. The final $187 per pupil unit (less a minor adjustment for aid to handicapped children in 1970-71) would have been permitted as an excess levy in 1973-74.

The 1974 excess levy for high-cost districts is reduced 2-1/2 percent. Just as the low-cost districts are granted the opportunity to adjust upward to the standard foundation amount, it is intended that financing of excess levies be gradually restricted.

Data in Table I in the Appendix indicate that all of the high expenditure and all but four of the median to high expenditure school districts are levying in excess of 30 mills. In addition two of the low to median expenditure districts have an excess levy.

Capital Outlay Tax Levy

In order to equalize expenditure for capital improvements to school districts, the legislature has provided that each district may annually levy an amount which provides up to $65 per pupil unit but not to exceed 10 EARC mills in total. If a district has been taxing above that amount, it is required to reduce its levies. If it is taxing below that amount, it may increase its levies up to 2 EARC mills a year or it may increase its levies up to 3 EARC mills a year if it is fast growing (at least 4% annual pupil unit growth) in order to provide additional income for capital start-up costs.

Capital expenditure monies could always be accumulated. In the past, it was possible and permissible for a district to erect a building if it accumulated sufficient funds. This authority has been repealed. However, subject to the approval of the Commissioner of Education, districts may now use capital expenditure funds to rent or lease buildings for school purposes or to acquire or construct buildings.

A tabulation of EARC capital outlay mills is included in Table I of the appendix. This listing indicates that 20 of the sample school districts are not levying to capacity. These 20 are scattered throughout the table seemingly without relationship to other expenditure patterns. The range of EARC capital outlay mills is from 1.00 to 10.00 mills.

The levy for capital outlay against the auditor's assessed valuation of property is shown in Table II. This table indicates that the sample of school districts levy as little as 1.69 auditor's mills and as many as 27.02 auditor's mills for capital outlay.

School Transportation Tax Levy

The financing of transportation operating costs has been equalized to a greater degree than the financing of any other school cost. With the exception of St. Paul and Minneapolis, the cost of authorized transportation in terms of direct property taxes has been so fixed that the transportation levy will be the same no matter where one lives in the state. No longer does a district with widely dispersed pupils and a low valuation have to tax itself inordinately to get its children to school. Beginning with the 1973 levy, collected in 1974 and used in the 1974-75 year, each district will be required to levy up to one EARC mill to finance its transportation costs and the state will pay the balance.

In order to control excessive increases in such costs, the law provides that transportation costs per pupil for 1974-75 may not exceed 115 percent of the district's average transportation cost in 1972-73.

Table II presents evidence that all sample districts do levy for transportation. In cases where there is a substantial mill levy above one mill, such as LaPorte, Zumbrota, New York Mills and Becker, the primary cause is school bus purchase. This is generally true of all school districts with a mill levy in excess of one mill.

School Tax Levies Against Auditor's Assessed Property Valuation

All real property in Minnesota is valued or appraised by local or county assessors. Each valuation is then multiplied by a specified factor depending on the classification to which the property is assigned. Each resulting valuation is called the assessed valuation. This assessed valuation, which is only a fraction of true market value, is then the basis of taxation.

Assessing practices may vary somewhat from county to county. Because of this, auditor's mill levies for education cannot be directly compared. However, Table II has been compiled to give some indication of the variance in tax levies among school districts.

The following are noted from Table II:

(1) The range in levies for maintenance is from 16.66 to 50.83 mills with a mean of 26.17 mills.

(2) Capital outlay levies range from 1.69 to 27.02 mills with a mean of 6.66 mills.

(3) Transportation levies range from 0.65 to 7.25 mills with a mean of 2.25 mills.

(4) Debt redemption levies are made by only 32 of the 50 sample school districts. The range is from 2.34 to 31.33 mills with a mean of 10.70 mills.

(5) Total school tax levies range from 39.36 to 72.02 mills with a mean of 53.36 mills.

UNUSED TAX LEVY MARGIN

State law prescribes maximums which may be levied in several categories by school districts. This law does not, however, mandate that each school district

must levy to full capacity. Where state aids coupled with a less than maximum tax levy effort will produce sufficient operating revenues, the tendency among school districts is to maintain a lower tax level. Thus is created a situation in which many school districts must exert the highest tax effort possible while other school districts may levy only a portion of that which is permissible.

Table I, shows the relationship between maximum EARC tax mills for maintenance costs and the amount actually levied. As previously noted, 36 of the sample 50 school districts are exerting maximum effort.

Data in Table III describe the unused margins in 1973 (payable 1974) general purpose levies. This table indicates that 223 of Minnesota's 437 school districts did not levy to maximum in that year. It must be pointed out, however, that 90 districts in that total had less than $100 of unused margin and 112 had less than $1,000. These margins ranged from less than 75¢ to more than $1,200,000.

SCHOOL LEVY REFERENDA

If a local school board feels that it can convince the voters of the district of a justifiable need, a referendum may be held to raise the district's levy. If approved by the voters, a continuing annual levy is authorized, but it may be subsequently repealed by a referendum for that purpose called by petition.

Since 1971, 15 school levy referenda have been conducted in the state. Of these, nine have been approved by the voters and six have failed. Of those conducted in 1974, only three (at Wrenshall, Red Wing, and Starbuck) have passed and three have failed. A summary of these referenda may be found in appendix Table IV.

POWER EQUALIZATION

The Commissioner's School Finance Task Force report of 1973 discussed the granting to local school districts of a limited amount of discretion to levy taxes above the formula limitation. Among the discretionary tax levying concepts considered was that of "power equalization." While that Task Force did not recommend tax levy discretion, this particular concept drew substantial discussion and consideration.

Power equalizing would enable a poor district and a wealthy district to levy above the formula limitation and to have available the same amount of money per pupil unit with the same tax effort. If, for example, two districts, each with 2500 pupil units, wanted to expend an additional $10 per pupil unit above that which was normally available, each would need $25,000. A state average of about one EARC mill may be required to raise $10 per pupil unit. In a wealthier district, one EARC mill might actually raise $35,000 while in a poorer district one EARC mill might raise only $15,000. Under this concept, the wealthier district would pay the excess over $25,000 raised by the one mill levy ($10,000) into a central pool while the poorer school district would draw the difference between what was required and what could be raised by the one mill levy ($10,000) from the central pool.

Essentially, the theory of power equalization is an equalization of access to revenues with an equalization of tax effort.

FINANCIAL LIMITATIONS IN OTHER STATES

Minnesota is not unique in its financial limitations. A state by state summary of financial limitations is included in the Appendix. Conclusions from this summary include:

1. Discretionary taxing authority exists for all local school districts in only six states. It also exists for certain school districts in two additional states.

2. There are five states and certain school districts in a sixth state in which the local school district has discretionary taxing authority but the tax rate that is set must be approved by the electorate. In one additional state only a tax rate increase requires the approval of the electorate.

3. In five states the local school districts have discretionary taxing authority but the tax rate or budget requires approval by a non-school authority.

4. Thirty-one states and certain districts in a thirty-second state have state imposed tax rate or budget limitations.

5. In nine of the thirty-two states with limitations, there are no provisions for an election for the purpose of increasing the tax rate, budget, or levy above the imposed limitation.

6. In eleven of the twenty-three states which permit elections for the purpose of increasing the tax rate, budget, or levy above imposed limitations, there is no limit on the amount of the increase that can be voted.

TABLE I

1973 MAINTENANCE AND CAPITAL OUTLAY
TAX LEVIES BASED UPON 1972 EARC PROPERTY VALUATION

School District	Maintenance EARC Mills Max. Allowable	Actual Levy	Capital Outlay EARC Mills Max. Allowable	Actual Levy
St. Louis Park	43.78	43.78	3.70	3.70
St. Paul	31.67	31.67	4.29	4.29
Minneapolis	31.86	31.86	3.71	3.71
Hopkins	45.43	45.43	4.14	4.14
Richfield	41.32	41.32	4.35	4.30
Roseville	38.84	38.84	4.66	4.66
Rochester	39.86	39.86	4.85	4.78
No. St. Paul	38.03	38.03	5.84	5.84
Chisholm	50.74	50.74	6.00	6.00
Ely	43.28	43.28	6.00	6.00
Zumbrota	35.39	35.39	6.00	5.95
Frost	40.59	40.59	2.00	2.00
Cyrus	51.33	46.08	2.00	1.66
Robbinsdale	35.28	35.28	4.87	1.68
Moorhead	37.08	37.19	7.54	6.89
Grand Rapids	34.15	34.15	5.98	5.98
Burnsville	34.33	34.33	5.78	5.78
Thief River Falls	36.36	36.36	9.20	8.00
International Falls	31.30	31.30	7.45	7.45
Willmar	29.00	29.00	7.03	5.78
Marshall	35.76	29.85	6.27	4.55

TABLE I (Continued)

School District	Maintenance EARC Mills Max. Allowable	Actual Levy	Capital Outlay EARC Mills Max. Allowable	Actual Levy
LeSueur	30.41	30.41	7.37	7.37
Roseau	37.47	16.00	1.00	1.00
Bird Island	42.39	42.39	3.78	2.15
St. Clair	34.11	34.11	6.15	6.15
LaPorte	37.19	37.32	9.74	9.73
Oklee	29.71	29.71	7.60	7.60
Little Falls	26.90	26.90	7.87	6.59
Lakeville	28.67	28.67	7.58	7.58
Anoka	26.80	26.80	9.62	9.62
Jackson	29.75	29.75	4.70	2.87
St. Charles	29.83	29.83	7.87	7.87
Breckenridge	30.73	30.73	5.96	5.96
Spring Grove	30.94	30.94	3.64	3.64
Truman	29.94	29.66	3.25	3.15
Becker	28.29	25.91	10.00	10.00
Russell	28.25	28.25	5.40	3.49
Cromwell	29.50	29.50	6.87	6.87
Brewster	31.04	29.97	4.53	4.53
Brainerd	28.56	27.01	5.00	5.00
Chisago Lakes	27.58	20.21	8.05	7.14
Bagley	26.25	21.25	9.73	9.70

TABLE I (Continued)

School District	Maintenance EARC Mills Max. Allowable	Actual Levy	Capital Outlay EARC Mills Max. Allowable	Actual Levy
Hayfield	27.35	27.34	3.07	2.52
Pine City	25.44	16.92	9.51	8.36
Mahnomen	26.06	26.01	5.28	5.28
New York Mills	26.34	22.69	7.82	7.82
Cottonwood	28.29	28.29	5.77	5.54
Goodhue	26.34	25.37	4.00	4.00
Sanborn	26.69	26.69	3.27	3.27
Brandon	25.58	25.58	6.79	6.79

TABLE II

ACTUAL SCHOOL TAX LEVIES AGAINST AUDITORS ASSESSED VALUATION OF PROPERTY

School District	Maintenance	Capital Outlay	Transportation	Debt Redemption	Other	Total
St. Louis Park	44.83	3.789	1.051	6.21		56.15
St. Paul	36.02	5.18	.65	8.62		55.97
Minneapolis	31.39	3.89	1.33			50.19
Hopkins	44.41	4.06	1.980	9.04		58.87
Richfield	40.78	4.21	1.50	5.16		51.84
Roseville	45.40	5.45	1.16			63.37
Rochester	16.67	5.56	1.17	9.34		63.81
No. St. Paul	44.63	6.83	1.35			67.69
Chisholm	38.12	4.51	1.35			44.36
Ely	44.91	6.98	2.28			60.93
Zumbrota	16.67	12.08	6.31	2.34		55.22
Frost	16.66	27.02	2.15	2.33		48.16
Cyrus	50.83	1.83	3.83	6.59		63.08
Brainerd	29.72	5.50	.99	7.36	2.99	46.56
Chisago Lakes	16.67	6.88	2.78	7.59	.36	42.60
Bagley	21.52	9.83	3.31			46.04
Hayfield	16.66	2.82	1.32	9.03		43.93
Pine City	20.75	10.25	1.23			42.56
Mahnomen	16.60	5.42	1.02	6.22		39.36
Cottonwood	31.20	6.11	3.13	6.65		47.09
New York Mills	27.74	8.53	6.44	29.31		72.02
Goodhue	16.67	4.47	1.21			44.32
Sanborn	28.64	3.50	1.07			39.48
Brandon	29.61	7.86	1.21	20.33	.52	59.53
Robbinsdale	35.62	1.69	1.04			50.28

TABLE II (Continued)

School District	Maintenance	Capital Outlay	Transportation	Debt Redemption	Other	Total
Moorhead	16.6	7.47	.96	10.15	.30	60.07
Grand Rapids	16.67	5.55	1.65	7.75		46.93
Burnsville	16.66	5.91	1.52			57.73
Thief River Falls	34.82	8.37	2.48			51.11
International Falls	16.67	7.81	1.46	11.86		53.11
Willmar	16.67	6.09	1.06	12.23		53.28
Marshall	29.89	4.56	1.00	10.06		45.89
Le Sueur	16.67	8.55	1.50	9.95		55.70
Roseau	21.16	12.36	2.91			51.37
Bird Island	16.66	2.35	1.17	7.70		57.64
St. Clair	16.66	6.97	3.91	8.35		54.97
LaPorte	16.66	11.81	7.00	25.91		67.99
Oklee	31.81	8.14	4.14	4.08		48.17
Little Falls	16.66	7.16	1.09	31.33		69.21
Lakeville	16.66	8.34	1.33			66.17
Anoka	25.18	9.03	.94	18.89		54.85
Jackson	31.70	3.10	1.08	4.73		42.56
St. Charles	27.73	8.72	1.59			47.67
Breckenridge	16.66	2.35	1.17	7.70		57.64
Spring Grove	16.67	4.34	4.08			50.04
Truman	16.66	3.62	1.20			44.78
Becker	30.96	9.96	7.25	22.88		71.05
Russell	31.11	3.85	1.11	8.02		44.09
Cromwell	31.04	7.23	7.38			56.14
Brewster	16.66	5.07	3.00	4.58		46.46

TABLE III

MINNESOTA SCHOOL DISTRICTS WITH 1973 GENERAL PURPOSE LEVIES*
(PAYABLE IN 1974) SMALLER THAN LEGAL PERMISSIBLE MAXIMUM

Unused Margin	District Name & No.		Unused Margin	District Name & No.	
$ 1,274,248.29	Duluth	709	$ 30,760.97	Waldorf-Pemberton	913
777,136.00	So. Washington County	833	29,831.00	Waterville	395
770,750.15	Wayzata	284	29,488.03	Warroad	690
638,109.11	Albert Lea	241	25,919.67	Silver Lake	**425
503,412.18	Hastings	200	25,471.53	Ogilvie	333
410,288.88	Fergus Falls	544	24,657.55	Winnebago	**225
297,300.71	Pequot Lakes	186	23,628.45	Blackduck	32
243,496.54	Dassel-Cokato	466	23,400.10	Wadena	819
225,962.27	Cambridge	911	21,588.56	Chokio	771
216,594.55	Prior Lake	719	21,485.80	Backus	**114
208,599.62	Roseau	**682	20,160.43	Tyler	409
193,889.67	Marshall	**413	19,681.05	Atwater	341
165,100.19	Monticello	882	18,830.27	Morgan	**636
152,377.94	Newfolden	**441	18,370.19	Dover-Eyota	533
151,974.17	Paynesville	741	18,072.43	Amboy-Good Thunder	79
143,981.81	Chisago Lakes	141	17,897.79	Pine City	578
135,883.10	Glencoe	**422	17,771.34	Butterfield	**836
116,818.82	Tracy	417	15,986.80	New York Mills	553
104,646.29	Worthington	**518	15,851.55	Cyrus	**611
96,857.91	Redwood Falls	637	15,840.25	Rockford	883
92,782.00	Brainerd	181	15,097.39	Triumph-Monterey	**457
89,266.63	Battle Lake	542	14,380.38	Borup	**522
86,993.33	Melrose	740	13,085.00	Okabena	**326
82,556.16	Pine River	117	12,360.72	Belgrade	736
82,292.71	Mora	332	12,185.61	Swanville	**486
78,505.27	Jordan	717	11,503.39	Sioux Valley	**328
75,481.04	Pipestone	**583	11,317.92	Lake Benton	404
73,561.28	Elbow Lake	**263	9,774.17	Le Center	392
64,349.24	Onamia	480	9,329.08	Lake of Woods	390
61,973.87	Upsala	**487	9,063.42	Pillager	116
61,577.85	Windom	177	9,026.61	Goodhue	253
59,027.18	Wheaton	803	8,789.51	Becker	726
54,435.46	Hermantown	700	8,034.69	Foley	51
49,249.06	Lake City	813	7,746.03	Grove City	464
49,016.53	Frazee	23	7,382.20	Medford	763
48,304.98	Taylors Falls	140	7,191.76	Milroy	**635
45,806.03	Spring Valley	237	6,946.70	Chandler-Lake Wilson	**918
43,836.29	Bagley	162	6,835.58	Farmington	192
43,006.33	Emmons	243	6,032.00	Waubun	435
39,039.23	Crosby-Ironton	182	5,603.72	Winthrop	735
38,654.92	Houston	294	4,613.45	Henderson	734
38,447.03	Belle Plaine	716	4,525.93	Truman	458
37,617.21	Sleepy Eye	** 84	4,451.75	Cold Spring	750
36,641.38	Gibbon	733	4,440.36	Littlefork	362
36,082.82	La Crescent	300	4,270.78	Badger	676

*Based on 278R forms on file at State Dept. of Education (Possibly subject to error, since corrections made to final Certified Levies may not have been reported)
**Margin includes "Grandfather" excess levy[M.S. 275.25, Sd. 3(3)]
#Margin includes "Additional" makeup levy for prior years [M.S. 275.25, sd.3(10)]

TABLE III (Continued)

Unused Margin	District Name & No.		Unused Margin	District Name & No.	
$ 4,122.31	Isle	473	$ 125.19#	Braham	314
3,901.09	Columbia Heights	13	122.17	Lamberton	**633
3,712.59	Fulda	505	115.37	Sebeka	820
3,448.27	Fisher	600	98.24	Wrenshall	**100
3,314.00	Karlstad	353	77.95	Raymond	346
3,257.97	Brewster	**513	45.84	Park Rapids	309
3,132.01	Stephen	**443	45.04	Climax	**592
3,037.89	Browns Valley	801	41.70	Sherburn	456
2,144.79	Hibbing	**701	34.39	Brooklyn Center	286
1,630.74	Rush City	139	31.13	Ivanhoe	403
1,625.24	Balaton	**411	29.22#	Eagle Bend	790
1,499.20	Cook Co. (Grnd Marais)	166	29.02	Fertile	599
1,371.16#	St. Michael	885	24.80	St. Anthony	**282
1,246.03#	Waseca	829	24.50	Menahga	821
1,206.80#	Dawson	378	23.00	Walker	119
1,125.61	Nicollet	**507	21.15	Red Lake Falls	630
1,039.78	Kelliher	36	20.60	North Branch	138
1,018.40	East Chain	**453	19.15	Aitkin	1
945.54	Bricelyn	**217	18.45	Campbell-Tintah	**852
887.98	Minneota	414	16.02	Willow River	597
870.95	Pierz	484	14.47	Peterson	**232
816.60	Delavan	**218	11.11	Cottonwood	412
645.50	Norwood-Y. America	108	11.02	Blue Earth	**216
574.11	Clearbrook	**161	10.40	Litchfield	465
486.56	Sauk Rapids	47	10.00	Eden Valley	463
461.84	Halstad	**524	7.23	Canby	891
404.94	Mahnomen	432	7.14	Bertha-Hewitt	786
397.91	Evansville	208	6.42	Herman	**264
323.27	Stewartville	634	5.72	Hendricks	402
254.89	Red Lake Falls	516	4.73	Maple Lake	881
227.05	Byron	531	4.69	Kasson-Mantorville	204
220.10	Underwood	550	4.51	Arlington	731
219.88	Buhl	**694	4.26	Ruthton	584
204.72	Wabasso	640	3.96	Blooming Prairie	756
195.59	Remer	118	2.16	Brownton	421
186.82	Verndale	818	2.00	Madison	397
184.11	Forest Lake	831	1.63	Little Falls	482
168.37	Kennedy	354	1.56	Rochester	**535
154.26	Fosston	601	1.43	Ellendale	762
151.51	Ellsworth	514	1.40	Barnesville	146

Districts with lesser margins include: Milan, (128 (1.28); Ashby, #261 (1.17); St. Peter, #508(**1.03); Belview, #631(**0.93); Lyle #497(0.91); Milaca, #912(0.91); Ulen-Hitterdal, #914(**0.91); Brandon, #207(0.88); Minnesota Lake, #223(0.88); Long Prairie, #992(0.85); Springfield, #85*0.84); Zumbrota, #260(**0.83); Madelia, #837(0.83); Claremont, #201,(0.82); Cloquet, #94(0.79); Floodwood, #698(0.77); Clarkfield, #892(0.76#); Austin, #492(**0.75); + the following with less than 75¢ margin - Janesville, Thief River Falls, Montevideo, Moose Lake, Comfrey, Jackson, Slayton, Warren, Howard Lake, Waconia, Willmar, Tower-Soudan, Hutchinson, Glenwood, Sauk Centre, Mahtomedi, Cannon Falls, Dodge Center, Big Lake, Granite Falls, St. Louis Unorg., Le Sueur, Sartell, Russell, Bloomington, Lanesboro, West Concord, Pine Island, Mazeppa, Humboldt, Welcome, Appleton, Ceylon, Alden, Kenyon. Districts not named had NO margin.

TABLE IV

DATA ON ELECTIONS HELD UNDER REFERENDUM PROVISIONS
OF M.S. 275.125, Subd. 2, Clause (3) and
Subsequent Amendments

Date of Election	District No. and Name	Election Results YES	Election Results NO	Requested or Authorized Extra Levy	Year of Levy	Requested Basis of Authorization	Additional Amount Levied
Dec. 7, 1971	Ind. 436, Alvarado	56	20	$ 34,166.40 $ 33,914.74 $ 33,392.48	1971 1972 1973	.0075x'70EARC .0075x'71EARC .0075x'72EARC	$ 25,395.11 33,299.87 16,000.00
Dec. 8, 1971	Ind. 640, Wabasso	160	661	$ 74,615.57* (228,188.01)	--	.0152x'71TxV1* (.0152x'70EARC)	0(FAILED)
Dec. 9, 1971	Ind. 883, Rockford	37	490	$ 98,492.26* (350,525.66)	--	.052 x'71TxV1* (.052 x'70EARC)	0(FAILED)
Dec. 30, 1971	Ind. 72,	69	166	$ 90,000	--	.02855x'71TxV1	0(FAILED)
May 15, 1972	Ind. 597, Erskine	142	123	$ 15,531.01 15,730.95	1972 1973	.0085x'71EARC .0085x'72EARC	$ 15,531.00 15,730.00
May 16, 1972	Ind. 671, Hills-Bvr. Crk	371	278	$146,602.53 148,246.32	1972 1973	.017 x'71EARC .017 x'72EARC	$ 4,327.88 22,129.33
May 16, 1972	Ind. 158, Gonvick	140	26	$ 42,423.12 43,969.23	1972 1973	.010 x'71EARC .010 x'72EARC	$ 6,079.38 6,947.00
May 15, 1973	Ind. 593, Crookston	1,107	181	$ 60,656.69	1973	.002 x'72EARC	$ 60,600.00
Oct. 9, 1973	Ind. 272, Eden Prairie	968	590	$302,400 or 305,682.72	1973	.006 x'73TxV1	$305,492.00
May 21, 1974	Ind. 100, Wrenshall	171	76	$ 26,438 or	1974	.006 x'73TxV1	$ 26,438.00
May 21, 1974	Ind. 256, Red Wing	1,436	790	$114,106.05 or	1974	.001 x'73TxV1	$
May 21, 1974	Ind. 614, Starbuck	128	26	$ 54,385.00	1974	.010 x'73TxV1	$
March 26,'74	Ind. 623 Roseville	2,745	3,298	$433,745.00	1974	.00244x'73TxV1	0(FAILED)
March 19,'74	Ind. 273, Edina	4,412	5,574	$1,064,120	1974	.004 x'73TxV1	0(FAILED)
June 4, 1974	Ind. 283, St. Louis Park	1,370	2,665	$826,622.00	1974	.0045x'73TxV1	0(FAILED)

*Amount officials thought was being requested on the listed basis. (Amount and basis in parentheses would actually have been authorized had referendum passed.)

FINANCIAL LIMITATIONS ON LOCAL SCHOOL DISTRICTS

The source of the following information is a U.S. Office of Education publication,[1] which has a primary purpose of providing "a description of State funds transferred to local agencies for the support of elementary and secondary education together with information concerning local taxing and borrowing authority and State-required budget and audit provisions." States were requested to provide 1971-72 school data but because of time problems several states submitted 1972-73[2] or 1970-71[3] data. The financial limitations reported here are those that apply to a state's foundation or minimum program fund or to the program through which most of the states' education funds are distributed to school districts.

Following are brief descriptions of state by state financial limitations.

Alabama - county limitation of 4 mills for state foundation program; local district limitation of 3 mills to supplement the foundation program.

Alaska - tax rate of borough and city school districts limited to 30 mills for both operating and building expenditures.

Arizona - no established limit for the local tax rate but budget is submitted to county supervisors for review if it exceeds six percent limitation.

Arkansas - no legal limitation but increased tax rate must be favored by a

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1. Public School Finance Programs, 1971-72, Thomas L. Johns compiler and editor. U.S. Government Printing Office, Washington, 1972.

2. Minnesota, New Jersey, New York, Ohio, Virginia.

3. California, Montana, South Dakota, Wyoming.

majority at an annual school election.

California - maximum levy 8 mills for districts maintaining grades 1-8, 9 mills for grades K-12; 7.5 mills for high school districts; maximums may be increased for special purposes by a majority vote of the qualified electors in a special election; maximum may be increased without a vote by one or more of over 30 override tax rates for special purposes.

Colorado - districts may exceed a 6 percent annual increase per pupil for current expenses in local district general fund expenditures only through a referendum; districts budgeting less than $620 per pupil for current expense are not subject to the 6 percent limitation.

Connecticut - no specified limit to the tax rate for general fund purposes but the electorate must approve the rate.

Delaware - no limitation set for the tax rate which local districts levy if approved at a popular election.

Florida - the electorate may vote to increase the tax rate up to 10 mills above the 10 mills the districts are authorized on the local A.V. of property for the support and maintenance of schools.

Georgia - maximum county tax rate of 20 mills for the support of schools may be exceeded by a referendum in which a majority vote of the electors approve.

Hawaii - state school system.

Idaho - tax rate in excess of 30 mills for general school purposes in all districts must be approved by a majority in an election for this purpose.

Illinois - maximum tax rates for elementary (K/1-8) and high school (9-12) district operating expenses are 9.2 mills by backdoor referendum and 30.0 mills by vote. Corresponding limits for K/1-12 districts are 16.0 and 40.0 mills.

Indiana - maximum rate of 49.5 mills on local adjusted A.V. of taxable property for general fund purposes; no provision or requirement for electoral approval.

Iowa - district budgets with proposed expenditures in excess of an adjusted state average reimbursable expenditure per pupil in ADM are submitted to a school budget review committee for examination; districts whose proposed reimbursable expenditures per pupil in ADM exceeds an allowable figure may have a reduction in state equalization funds the following year; a district's allowable figure is its actual reimbursable expenditure per pupil adjusted by the state allowable growth factor; the growth factor is the 3-year average change in sales and use taxes, personal and corporate income taxes, and the A.V. of property.

Kansas - no local district tax limitation, except that no district shall budget or expend for operating expense per pupil more than 105 percent of the amount legally budgeted for operating expense per pupil in the preceding school year, unless the board of tax appeals authorizes a district to exceed the 105 percent limit or if a referendum is approved by the electors.

Kentucky - additional tax rates authorized by voter approval.

Louisiana - Parish (county) boards of education may tax up to 5 mills, city of New Orleans 13 mills; an additional 7 mills for current operation may be voted by a majority of the voters voting; also 7 mills may be voted in the

same manner for maintenance purposes.

Maine - no specified local tax rate limit; tax rates are authorized by the voters except in community school districts and municipality districts where district trustees are authorized to set the necessary tax rates, without limit.

Maryland - no limit is specified for the tax rate; tax rates require the approval of the board of county commissioners for the counties and of the city council for the city of Baltimore; no provision for approval of tax rates by the electorate.

Massachusetts - no specified tax rate limit either with or without electoral approval.

Michigan - tax rates above 15 mills up to a 50 mill maximum including the 15 mills, may be set by voter approval; the 50 mill limit is for current expenditures for public purposes including schools.

Minnesota - maximum of 30 mills for maintenance, 8 mills for school sites and facilities and other levies for specific purposes; a referendum may be held at specified times to raise the district's levy to any level the voters desire.

Mississippi - district advalorem taxes, limited to 25 mills, do not require electoral approval; the tax limit can be raised 3 additional mills on electoral approval.

Missouri - tax rates for the current operating program may not exceed 6.5 mills in rural districts and 12.5 mills in six-director districts without a vote of the people; three times these limits may be voted for 1 year by a majority of the participating electors and additional levies without limit but

for only a 4-year period may be approved by a two-thirds majority of the qualified voters participating in the election.

Montana - elementary and high school districts may levy taxes to produce an amount up to 25 percent above the foundation level without electoral approval; amounts for general operation and maintenance budgets in excess of the 25 percent may be levied with the electorate's approval; the amount of the excess levy is not limited by law and approval must be obtained annually.

Nebraska - no established limit for the local tax rate.

Nevada - each school district may increase the tax rate by 8 mills over the required 7 mills; there is no provision for electoral approval of this tax rate.

New Hampshire - no specified tax rate limit when the rate has been properly authorized by popular vote at the annual school meeting or by city governmental officials in the fiscally dependent districts.

New Jersey - no specified tax rate limit for local school district support.

New Mexico - each rural school district is authorized 4.45 mills and each urban school district 2.225 mills on the A.V. of the district without a vote of the people subject to approval of the budget and the extent to which it justifies the levy; there are no provisions for voting a local school tax.

New York - school districts outside of cities have no statutory tax limit; city school districts have tax limits varying from 12.5 to 25.0 mills.

North Carolina - no maximum rate is specified for school purposes; all rates including a maximum 6 mill local rate for current operating expenses above the

local taxes required for the constitutional term, must be levied by the county commissioners to be effective, even though they might have voter approval in a local district.

North Dakota - maximum local tax rate without electoral approval is 34 mills for a 4-year high school district, 24 mills for a 3-year high school district, 21 mills for a 2-year high school district, 22 mills for an elementary district with two or more teachers, and 19 mills for a one-room school district; all of these rates may be increased as much as 75 percent when approved by district voters and a board may create a "special reserve fund" with a tax rate of 3 mills.

Ohio - taxes on local district property for current operating expense in excess of 10 mills require electoral approval.

Oklahoma - over the 20 mill limit school districts may add up to 5 mills for current expenses when approved by a majority vote of the electors.

Oregon - unless approved by a majority of the people, school district levies may not exceed by more than 6 percent the highest lawful levy.

Pennsylvania - in the two districts of the first-class and first-calls A, the maximum rates are 21 mills and 23 mills; for second-, third-, and fourth-class districts, the limit is 25 mills; in addition second-, third-, and fourth-class districts may make an additional levy for specific purposes including salaries of teaching and supervisory staff.

Rhode Island - no separate school tax; towns must vote on all appropriations for schools; cities can set a tax rate limit for all purposes, schools and municipal government included, up to 25 mills; permission to exceed this limit

is granted by the state legislature on a year-by-year basis.

South Carolina - local rates for public school support have no specified limit and do not require electoral approval.

South Dakota - general fund tax rate limited to 20 mills if district operates only a separate elementary or high school program and 40 mills if it operates both; a rate may not exceed 24 mills for the general fund on agricultural property; the general fund rate may be raised, not to exceed 10 mills, by a 75 percent vote of the electors.

Tennessee - no specified general tax rate limit on public schools for current school support.

Texas - maximum tax rates for school districts may be either 15 mills in the aggregate for both current expense and debt service or 15 mills for current expense if bonded indebtedness is 7 percent or less of the district's A.V. of taxable property.

Utah - a 16 mill required rate; 1 to 12 mills may be added without a vote and an additional 1 to 10 mills may be added when authorized by a vote of the people.

Vermont - all local school tax rates are determined by a vote of the local school district at the annual school distrift meeting; there are no required minimum or specified maximum school tax rates provided by law.

Virginia - county and city school districts are authorized a maximum tax rate of 30 mills on local A.V. for operational support and 25 mills for current capital outlay.

Washington - basic rate of 7 mills authorized, one-fifth of which may be used for capital outlay or to accumulate a capital outlay fund; no limit on a levy in excess of the basic amount if approved by a 60 percent majority of those voting in an election in which the number of persons voting equals or exceeds 40 percent of the number who voted in the last general election.

West Virginia - the specific tax rate limitations set by the legislature for schools can be exceeded to an additional 100 percent of the limits set, when approved by 60 percent of the electors voting; approval is for a maximum of 5 years.

Wisconsin - no established limit for local school tax rate.

Wyoming - statutory limitations on tax millage for a K-12 district 22 mills without voter approval 28 mills with voter approval; corresponding limitations for a 1-8 district are 12 and 18 and for a 9-12 district 8 and 10.

One method of classifying the states using the preceding data is reported in the following tables. Table I includes those states in which a limitation is not set on the amount that can be raised locally for current expenses for schools. Table II includes those states in which the raising of funds locally for current educational expenses has been limited. Maine, Missouri and New York are listed twice since their laws fit under two of the categories. Because Hawaii is a state system it is not included. There are also, in a number of instances, limitations on the length of time that an approved increase in funding remains in effect. This information is not included in the tables, there being already a surfeit of foot notes.

TABLE I

STATES WITH NO STATE IMPOSED TAX RATE OR BUDGET LIMITATIONS

Tax Rate Set by Local School Authority	Tax Rate Requires Approval at An Election	Tax Rate Increase Requires Approval at An Election	Tax Rate or Budget Requires Approval by a Non-School Authority
Maine[1]	Connecticut	Arkansas	Arizona
Massachusetts	Delaware		Iowa[4]
Nebraska	Maine[3]		Kansas[5]
New Jersey	New Hampshire		Maryland
New York[2]	Rhode Island		North Carolina
South Carolina	Vermont		
Tennessee			
Wisconsin			

1. Community and municipality school districts

2. Other than city school districts

3. Other than community and municipality school districts

4. Composition of School Budget Review Committee not indicated

5. Board of Tax Appeal authorizes increase or a referendum is approved by electors.

TABLE II

STATES WITH STATE IMPOSED TAX RATE OR BUDGET LIMITATIONS

Tax Rate Limitation			Budget or Levy Limitation	
Provisions for an Election for an Increase		No Provisions for an Election	Provision for an Election for an Increase	
Amount of Increase Unlimited[1]	Amount of Increase Limited[1]		Amount of Increase Unlimited	Amount of Increase Limited
California	Florida	Alabama	Montana	Oregon
Colorado	Illinois	Alaska		
Georgia	Louisiana	Indiana		
Idaho	Michigan	Nevada		
Kentucky	Mississippi	New Mexico		
Minnesota	Missouri	New York[2]		
Missouri (66 2/3%)	North Dakota	Pennsylvania[3]		
Ohio	South Dakota (75%)	Texas		
Oklahoma	Utah	Virginia		
Washington (60%)	West Virginia (60%)			
	Wyoming			

1. A majority vote is required except as indicated in parentheses or in footnote.

2. City school districts

3. An additional levy can be made for specific purposes.

CONCLUSIONS

1. Discretionary taxing authority exists for all local school districts in only six states. It also exists for certain school districts in two additional states.

2. There are five states and certain school districts in a sixth state in which the local school district has discretionary taxing authority but the tax rate that is set must be approved by the electorate. In one additional state only a tax rate increase requires the approval of the electorate.

3. In five states the local school districts have discretionary taxing authority but the tax rate or budget requires approval by a non-school authority.

4. Thirty-one states and certain districts in a thirty-second state have state imposed tax rate or budget limitations.

5. In nine of the thirty-two states with limitations, there are no provisions for an election for the purpose of increasing the tax rate, budget, or levy above the imposed limitation.

6. In eleven of the twenty-three states which permit elections for the purpose of increasing the tax rate, budget, or levy above imposed limitations, there is no limit on the amount of the increase that can be voted.

EDUCATIONAL OVERBURDEN

Committee Members:

Mr. Larry Harris, Chairman
Mr. Duane Carlson
Mr. Richard Kauffman
Ms. Charlotte Mitau
Ms. Ruth Myers
Senator Joseph O'Neill
Ms. Mary Jo Richardson

ISSUE PAPER

EDUCATIONAL OVERBURDEN - AFDC

Educational overburden refers to unique conditions within school districts which lead to higher than normal educational costs. The Educational Overburden committee of the School Finance Task Force has limited its study to three major aspects of educational overburden: (1) The presence of students from low socio-economic families as identified by Aid to Families with Dependent Children (AFDC) status, (2) special education needs, and (3) racial/cultural diversity. This issue paper concentrates upon the first of these aspects and its presence as a basis for special state aid.

SUMMARY

In an analysis of its schools, Minneapolis found that the number of AFDC children enrolled is increasing and that instructional costs are higher in schools enrolling a high percentage of AFDC children.

Beginning in 1969 and in each legislative session since then the Legislature has provided some type of AFDC aid for school districts. "Concentration" AFDC aid was provided for the first time by the 1973 Legislature and on the basis of preliminary estimates will be paid to 55 of Minnesota's 435 school districts.

Relating AFDC aids to the sample of 50 districts revealed that generally larger school districts enroll more AFDC students and that concentrations of AFDC students clearly appear in the cities of the first class. "Concentration" aid will go to only eight of the sample school districts with Minneapolis and St. Paul receiving $6,342,847 of the $7,567,000 appropriated for this aid. When the "concentration" aid paid to Duluth ($683,984),

is added to that paid to Minneapolis and St. Paul the total becomes $7,026,831, leaving only $546,000 to be disbursed among the other 52 districts qualifying for "concentration" aid.

An inquiry directed to each school district in the state attempted to determine how AFDC funds were being used. More than half of the school districts that responded do not earmark AFDC funds for any identifiable program or service. This raises an issue, so far unresolved, as to how AFDC aid should be spent. Should school districts be required to use AFDC aid to provide services to reduce educational needs related to educational overburden or should this aid be used for purposes other than the provision of such services.

A number of other issues relating to AFDC aid were identified in the concluding section of this paper. One of these issues is whether the aid should be based on the actual number of low income students or on a prescribed concentration of these students. The cost and types of services to be provided by school districts in schools serving concentrations of low income students is also a problem especially as these relate to teacher placement and the teacher-student ratio in the schools where the high concentrations exist. Finally, desegregation and integration and the additional costs related to them are in many instances issues in the same schools that are serving concentrations of low income students.

In summary, the overriding issue surrounding AFDC ~~aid~~ is the understanding by various individuals and groups of the basic purpose for which these funds were appropriated. If these monies are to be construed as a supplement to the general fund and totally discretionary for the school district, one philosophy prevails. If, however, these funds were intended for

resolving specific educational problems of a specific group of children, then another philosophy must prevail. This paper expresses a strong measure of concern for a specific group of children and endorses the second of the philosophies - earmarking monies and programs.

RECOMMENDATIONS

The School Finance Task Force recognizes that there are certain cost factors associated with education of low achieving children regardless of concentration. It recognizes that school districts have certain limitations in initiating special programs or services when available sums of money are quite small. While the correlation is high, the Task Force recognizes that not all AFDC children are low achievers nor are all low achievers AFDC children. The overriding concern, however, is that the lower achieving students have the opportunity to grow educationally. Accordingly, following are recommendations concerning special AFDC overburden aids:

1. In the absence of more specific descriptors, the number of enrolled children from families receiving aid for dependent children (AFDC) should continue as a measure of educational overburden.

2. AFDC is a measure of overburden. However, a significant portion of those funds received on the basis of AFDC students should be used for programs which are targeted toward low achieving students whether or not they are from AFDC families. The emphasis should be on program and service available to meet needs of children rather than upon an arbitrarily labeled child.

3. The weighting of AFDC children in a school or school district should remain as identified by the 1971, 1973, and 1974 Minnesota Legislatures. This is:

A. All AFDC children enrolled in a school district should be weighted an additional 0.5 pupil unit and aids paid accordingly.

B. Special concentration aid should be paid to school districts on the basis of: 9% and over, 0.35 pupil units for each AFDC child
from 8% to 9%, 0.2 pupil units for each AFDC child
from 5% to 8%, 0.1 pupil units for each AFDC child

4. Each school district of the State expecting to receive AFDC aid should be required to submit an annual plan for program, service, and expenditure. This plan may range from simple utilization of a checklist (as prepared by the Department of Education) to a description of proposed expenditures as follows:

A. School districts qualifying under one or more of (1) enrolling fewer than 10 AFDC students, (2) receiving less than $4,000 in special state AFDC aid, or (3) special AFDC aid accounts for less than 2.5 percent of total adjusted maintenance cost need only submit a checklist identifying types of supplementary materials, programs, or services to be provided by the school district for low achieving students.

B. School districts qualifying under one or more of (1) enrolling between 10 and 100 AFDC students, (2) receiving between $4,000 and $40,000 in special state AFDC aid, or (3) special state AFDC aid accounts for between 2.5 percent and 10 percent of total adjusted maintenance cost must submit a checklist identifying types of supplementary materials, programs, and services and also must submit a checklist identifying types of supplementary materials, programs, and services and also must submit a general description of plans for expenditure of AFDC funds in individual school

buildings where AFDC enrollment exceeds 15 percent of the total school building enrollment.

C. School districts qualifying under one or more of (1) enrolling more than 100 AFDC students, (2) receiving more than $40,000 in special state AFDC aid, or (3) special state AFDC aid accounts for more than 10 percent of the total adjusted maintenance cost must submit a plan detailing program, services, and a general description of all expenditures of AFDC funds.

5. Plans for expenditure of education overburden funds as submitted by school districts should be summarized by the Department of Education and reported to the Legislature.

RATIONALE FOR SPECIAL OVERBURDEN AID

In recent years there has been considerable discussion regarding educational overburden. Substantial evidence exists to support the theory that some children have greater need of special programs and services and, therefore, cost more to educate. Among the conditions contributing to educational overburden are:

1. Greater need for programs for the economically deprived and culturally disadvantaged.
2. Greater need for adult education and summer programs.
3. Greater need for vocational education.
4. High incidence of handicapped and maladjusted children.
5. High pupil failure rates.
6. Low pupil motivation.
7. Excessive problems of health and nutrition.
8. High rate of pupil mobility.

In 1968, a State Superintendent's Committee on Overburden Aid was established under a special Title V, ESEA, grant to the Minneapolis school district for the purpose of re-examining the overburden matter.[1] This group identified three major factors as contributing to overburden: (1) growth or decrease in enrollment, (2) tax overburden, and (3) socio-economic conditions. Of the latter, the committee recognized that some school districts have children enrolled who, because of lower socio-economic conditions, cost more to educate than do children from more affluent families.

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[1] Educational Overburden Study, Final Report of the Superintendent's Committee on Overburden Aid.

In a more recent study, the Minneapolis School District performed an analysis of 64 elementary schools comparing 1973 data with those from 1972. Several relevant points were made concerning these Minneapolis schools:

1. The number of enrolled children from minority families increased from 15.9 to 17.7 percent of the total Minneapolis elementary school population from 1972-73 to 1973-74.
2. The number of AFDC children enrolled in the 64 schools totaled 15,007 children in 1973, or 25.8 percent of the total enrollment, as compared with 14,597 children or 23.7 percent of the total in 1972.
3. In 1973, nearly 85 percent of these elementary schools had a student population composed of 10 percent or more children from AFDC families.
4. The basic instructional cost for schools enrolling fewer than 10 percent AFDC children (low AFDC) was $665. For schools enrolling more than 50 percent AFDC (high AFDC), the comparable cost was $833.
5. Schools with high AFDC enrollments tended to have a greater percentage of below average scores on reading comprehension tests than did low AFDC schools. Conversely, low AFDC schools had a greater percentage of above average scores than did their high AFDC counterparts.
6. Despite the somewhat low test scores, considerable improvement was shown in the high AFDC schools when 1971 and 1972 data are compared. The below average scores became fewer and the above average scores increased.

These data demonstrate quite clearly that the Minneapolis system is spending considerably more money per pupil in high AFDC schools than in low AFDC schools. At the same time, tests show poorer results in high AFDC schools than in low AFDC schools. However, significant improvements were made by high AFDC schools in test scores between 1971 and 1972 which would imply

that the concentration of programs and services is working.

STATE EDUCATION OVERBURDEN AID

In 1969 the Minnesota Legislature recognized the case being presented for special education overburden aid. The Superintendent's Committee on Overburden Aid was instrumental in having two education overburden bills introduced into this Legislative session. Neither bill was passed as it was introduced but two significant items of legislation were adopted (1) funds were made available for human relations inservice training of teachers in reservation schools and in schools of cities of the first class which enrolled 50 or more minority children, and (2) the sum of $30 per student was appropriated for each school which served a student population containing at least 20 percent AFDC children.

In 1971, the Legislature gave further recognition to the fact that overburden exists in school districts which have children from low income families and from broken homes. To assist with these added costs for education, children from AFDC families were weighted an additional 0.5 pupil unit and aids were (and continue to be) paid accordingly to all qualifying school districts.

After two years experience with this factor, it was realized that even greater additional cost is incurred where there were concentrations of such overburden. Hence, when the concentration of AFDC pupils exceeds certain percentages, the 1973 Legislature authorized additional pupil units to be counted as follows:

10% and over, 0.35 pupil units for each AFDC child*

from 8% to 10%, 0.2 pupil units for each AFDC child**

from 5% to 8%, 0.1 pupil units for each AFDC child

For the 1973-74 school year, preliminary estimates are that the state will disburse $7,567,000 to 55 school districts of the state in special "concentration" AFDC aid. This amount is in addition to the regular AFDC aid earned on the basis of allocating 0.5 pupil units per AFDC child.

DISBURSEMENT OF REGULAR AFDC AID

The 1971 and 1973 Legislature provided 0.5 pupil unit additional state aid for each AFDC pupil in the school district. As noted, the 1973 Legislature provided additional AFDC related aid for districts with high concentrations. Reports for the 1972-73 school year indicate that 428 of the State's 435 elementary-secondary school districts had AFDC pupils enrolled and did receive the basic AFDC state aid. In total, 54,149 pupils were enrolled as AFDC children. The 0.5 additional pupil unit credit resulted in state disbursements of approximately $20,305,875.

A sample of 50 school districts has been chosen for analysis by the Commissioner's School Finance Task Force. Table 1 contains a listing of these school districts by pupil units enrolled (largest to smallest). The table also displays the adjusted maintenance cost for each pupil unit and presents basic AFDC information.

Data in Table 1 indicate that Minneapolis is the largest school district in the sample of 50 districts (69,432 pupil units), has one of the largest costs per pupil unit ($1,038), has the greatest number of AFDC pupils (15,007), has the largest percentage of AFDC pupils in the total enrollment (21.6),

*Changed to 9% and over for 1974-75
**Changed to from 8% to 9% for 1974-75

TABLE 1

SAMPLE OF 50 MINNESOTA SCHOOL DISTRICTS RELATING SIZE, MAINTENANCE COSTS, AND AFDC SPECIAL AIDS

School District	Pupil Units (1) 1972-73	Adjusted Maintenance Cost Per Pupil Unit (2) 1972-73	"Regular" AFDC 1972-73			"Concentration" AFDC 1973-74
			Number of Pupils	Percent AFDC of Total Pupil Units	AFDC Aid ($375/Pupil)	
Minneapolis	69,432	$1,038	15,007	21.6	$5,627,625	$4,138,930
St. Paul	54,054	1,047	7,991	14.8	2,996,625	2,203,917
Anoka	33,269	683	1,385	4.2	519,375	-0-
Robbinsdale	30,857	840	1,007	3.3	377,625	-0-
Rochester	18,259	887	553	3.0	207,375	-0-
Roseville	14,756	906	313	2.1	117,375	-0-
No. St. Paul	13,558	866	449	3.3	168,375	-0-
Hopkins	11,679	1,027	239	2.1	89,625	-0-
Richfield	11,157	961	352	3.2	132,000	-0-
St. Louis Park	10,800	1,090	333	3.1	124,875	-0-
Burnsville	10,749	804	164	1.5	61,500	-0-
Moorhead	8,479	820	286	3.4	107,250	-0-
Brainerd	7,863	669	353	4.5	132,375	-0-
Grand Rapids	6,481	819	365	5.6	136,875	28,762
Willmar	5,209	783	169	3.2	63,375	-0-
Little Falls.	4,658	733	229	4.9	85,875	-0-
International Falls	4,087	786	228	5.6	85,500	17,966
Thief River Falls	3,855	796	152	3.9	57,000	-0-
Marshall	3,178	748	99	3.1	37,125	-0-
Lakeville	3,041	683	61	2.0	22,875	-0-
Chisago Lakes	2,380	629	44	1.9	16,500	-0-
Pine City	1,932	629	122	5.8	42,000	7,134
Breckenridge	1,839	698	40	2.2	15,000	-0-
Jackson	1,827	734	50	2.7	18,750	-0-
Ely	1,816	860	45	2.5	16,875	-0-

TABLE 1 (Continued)

School District	Pupil Units(1) 1972-73	Adjusted Maintenance Cost Per Pupil Unit(2) 1972-73	"Regular" AFDC 1972-73 Number of Pupils	Percent AFDC of Total Pupil Units	AFDC Aid ($375/Pupil)	"Concentration" AFDC 1973-74
Chisholm	1,793	997	64	3.6	24,000	-0-
Roseau	1,721	766	54	3.1	20,250	-0-
Le Sueur	1,716	768	43	2.5	16,125	-0-
Bagley	1,712	665	181	10.6	67,875	42,550
Hayfield	1,563	637	21	1.3	7,875	-0-
Mahnomen	1,305	595	37	2.8	13,875	-0-
St. Charles	1,275	725	8	2.8	13,875	-0-
New York Mills	1,005	676	3	0.3	1,125	-0-
Zumbrota	981	878	19	1.9	7,125	-0-
Bird Island	906	773	45	5.0	16,875	3,546
Goodhue	906	592	8	0.9	3,000	-0-
Truman	800	715	2	0.2	750	-0-
St. Clair	742	746	15	2.0	5,625	-0-
Becker	676	701	13	1.9	4,875	-0-
Cottonwood	640	639	13	2.0	4,875	-0-
Spring Grove	602	737	11	1.8	4,125	-0-
Oklee	570	747	26	4.6	9,750	-0-
Brandon	559	559	21	3.8	7,875	-0-
Cromwell	491	712	26	5.3	9,750	2,003
Brewster	437	696	8	1.8	3,000	-0-
Sanborn	406	659	13	3.2	4,875	-0-
Russell	337	718	13	3.9	4,875	-0-
LaPorte	322	768	7	2.2	2,625	-0-
Frost	253	1,014	1	0.4	375	-0-
Cyrus	234	972	8	3.4	3,000	-0-

(1) Pupil units represent a total which results when each kindergarten pupil is counted as 0.5 pupil units (P.U.); each elementary pupil, 1.0 P.U.; and each secondary student, 1.4 P.U. Pupil units are used as the common denominator to permit comparisons between districts.

(2) Adjusted maintenance costs are total educational costs exclusive of capital outlay, debt redemption, transportation, or community services.

and receives the greatest amount of state AFDC aid ($5,627,625). Comparisons between and among other school districts in the sample could similarly be made. In general, the actual number of AFDC students enrolled is directly related to school district size - larger districts enroll more AFDC students. However, when percentages are drawn, this relationship is much more obscure. Variations in percentage are found equally among large, medium-sized, and small school districts. Similarly, expenditure patterns do not appear to reflect significantly upon the number of enrolled AFDC students. The table's implications are that concentrations of AFDC students clearly appear in the cities of the first class (Minneapolis and St. Paul) but are also scattered throughout all other types of school districts.

DISBURSEMENT OF "CONCENTRATION" AFDC AID

As previously noted, the 1973 Legislature provided for special "concentration" AFDC aid. This aid was first distributed for the 1973-74 school year and final data are not yet available. On the basis of preliminary projections, 55 of Minnesota's 435 school districts will qualify for these special funds. The estimated range of payments is from $788 in Verdi to $4,138,930 in Minneapolis. The total to be disbursed for this one school year is just over $7,567,000.

Estimated disbursements of "concentration" AFDC monies for the 50 sample school districts are displayed in Table 1. This table indicates that only eight of the sample districts will receive this special aid. Of these, Minneapolis and St. Paul are, by far, recipients of the largest sums of money (with $4 million and $2 million plus respectively). The other six sample school districts have 5 percent or more AFDC enrollments but each

receives a comparatively small sum of money.

It should be noted that Minneapolis and St. Paul receive $6,342,847 of the total $7,567,000. Duluth, not listed as a sample school district, receives $683,984 in this special aid. Thus, more than $7 million of the total is accounted for in three school districts and only $546,000 is disbursed to the other 52 districts qualifying for "concentration" AFDC aid.

EXPENDITURE OF SPECIAL AFDC STATE AIDS

While final and definitive totals are yet lacking, it would appear that the State of Minnesota allocates approximately $27,800,000 to school districts in special AFDC aids. The full purpose and intent of this program perhaps requires some additional clarification. The enabling 1971 Legislation states, "To meet the problems of educational overburden caused by broken homes, poverty and low income, each pupil from families receiving aid to families with dependent children or its successor program shall be counted as an additional five-tenths pupil unit."[2] The 1973 Legislation repeats this wording but has an additional clause authorizing the concentration aid. The concluding statement in this insert is "School districts are encouraged to allocate a major portion of the aids that they receive on account of clauses (4) and (5) to primary grade programs and services, particularly to programs and services that involve participation of parents."[3]

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2. Laws Relating to the Minnesota Public School System, 1971 Edition, Section 124.17(4).

3. Laws of Minnesota, 1973, Chapter 683, Section 124.17(5).

To ascertain the disposition of these funds, an inquiry was directed to each school district by the State Aids and Statistics Section of the Department of Education. At the time of this writing, results from this survey were exceedingly fragmentary and include returns from only 133 of the states' 435 school districts. Table 2 summarizes the results of these returns.

Data in the table indicate that more than half of the responding school districts do not earmkark AFDC funds for any identifiable program or service. Of those that do, the majority reference to similarity to Title I and Title I related programs in such areas as Special Learning Behavior Problems (SLBP), reading, and mathematics. Specialized personnel in the form of psychologists, speech therapists, social workers, and liaisons are provided by AFDC funds in some school districts. Organizational accommodations such as transitional classrooms and reduced pupil-teacher ratios are also mentioned.

Many respondents indicated that the limited numbers of enrolled AFDC students resulted in such small sums of state aid that special programs were not feasible. Others indicated that special accounting for AFDC funds is not required by the enabling legislation, therefore, none is established.

TABLE 2

RESULTS OF SURVEY OF SCHOOL DISTRICT
EXPENDITURE OF AFDC AIDS
(BASED UPON RETURNS FROM 133 SCHOOL DISTRICTS)

Type of Program or Service		Number of School Districts*	
1. No Special Program or Service (Aids in General Fund)		72	
2. Add SLBP Aides		24	
3. Reading		16	
4. Psychological Services		9	
5. Speech Therapy		7	
6. Transitional Classrooms		6	
7. Reduce Pupil/Teacher Ratio		6	
8. Special Needs Programs		5	
9. Mathematics		4	
10. Social Worker		3	

*Some school districts reported program and services in more than one category.

THE ISSUE OF AFDC AIDS

Currently, the State of Minnesota through legislative action recognizes the presence of low-income students as leading to educational overburden. However, questions have been raised as to the validity of the number of AFDC students in a district as the best possible measure for the concentration of low-income students. Questions have also been raised as to whether or not the funds made available through AFDC pupil units are being spent by districts to provide services which are intended to reduce educational needs related to educational overburden or whether the funds are merely being absorbed in the general fund of the district. Questions have also been raised concerning low-income students in and of themselves as indices of educational overburden or whether there should be a concentration of students from low-income families in order to receive educational overburden assistance.

A number of papers have been developed nationally which point to the additional costs of education where there are concentrations of low-income children. The lack of life experiences which prepare students in urban areas for successful participation in American public education has been documented as part of the life style impinging upon low-income students. Data is very likely available which would point to the same kind of "educational deprivation" in the lives of low-income non-urban students. Several cost areas can be readily identified from data supplied by the State Department of Education and by the Minneapolis and St. Paul public school systems. Testimony before the General Education Subcommittee of the Education and Labor Committee of the House of Representatives by the Minneapolis Public Schools brought out several factors related to high educational costs. Factors included were: limited education among adults living in areas

served by schools with high concentrations of AFDC students, a significantly larger percentage of students reading below the average at the fourth to sixth grade levels, significantly lower percentage on the part of students attending schools with high AFDC concentrations, and a much higher rate of student mobility.

Several Minnesota school districts have taken steps to provide increased educational opportunities in those schools serving concentrations of low-income students. Among the steps which have lead to additional costs are:

1. A reduced student-teacher ratio in classrooms with concentrations of low-income or disadvantaged students,
2. A reduction of the adult to student ratio by adding parent and community aides in classrooms with concentrations of low-income or disadvantaged students,
3. Provision of additional professional and paraprofessional staff to facilitate added health and attendance services in those schools serving concentrations of low-income students,
4. The provision of significantly larger amounts of diagnostic and referral services to schools serving concentrations of low-income children,
5. The provision of additional reading and math curriculum materials to schools serving concentrations of low-income students,
6. The provision of additional extended day programs supportive of education in schools serving concentrations of low-income students,
7. The provision of additional staff development for administrators, teachers, paraprofessionals, and clerical and janitorial staff in schools serving high concentrations of low-income students.
8. Provision of funds for additional field trips and extracurricular activities to support educational involvement for students in schools

serving concentrations of low-income students,

9. The provision of additional dollars to support security measures in those schools serving concentrations of low income students, and

10. The provision of nutritional support in the way of breakfast, snack, and/or lunch when circumstances so warrant.

In the central cities, there is a significantly high correlation between schools serving concentrations of low-income students and schools whose minority-group population is large enough for those schools to be considered segregated under state rules and regulations. Thus is raised the entire issue of additional costs related to desegregation and integration. The in-service training necessary to prepare faculty to constructively work in a desegregated to integrated school is different, to some extent, from the massive inservice training to prepare faculty to help low-income students gain communication and computational skills. There are administrative, counseling, and social work demands made upon these faculties far beyond faculties serving "normal" neighborhoods.

The most difficult aspect of an issue paper on educational overburden as it relates to low-income students is whether or not state aid for educational overburden should be made available in relation to the actual number of low-income students or if that aid should only be made available if there is a prescribed concentration of low-income students. Regardless of a desire for objectivity, we cannot ignore the reality that the payment of AFDC aid for the presence of AFDC students has been helpful to virtually every district in the state.

The state aid law also strongly recommends that AFDC funds be spent on

early elementary age students and on programs with heavy parental involvement. There appears to be little discussion in the state concerning the mandate by the 1973 Legislature to a district on the age range of students who should benefit from AFDC educational dollars and whether or not local boards should share their autonomy and authority with parents.

There is another problem faced by the larger districts with concentrations of low-income students. The historic pattern of teacher placement, wherein teachers have moved to assignments of choice in less problem-ridden neighborhoods has resulted in the inner city faculties which tend to be younger and carry less formal training beyond the bachelor's degree. Conversely, the outlying schools are heavily staffed with mature, post-baccalaureate trained teachers. If one looks only at salaries, this faculty placement pattern tends to give a skewed picture to dollar costs. It can be clearly pointed out that there is a much better teacher-student ratio in inner-city schools who would argue that this thesis does not hold true.

One other parallel to the maturity and educational level of faculty was very clearly pointed out by the Urban Institute study on Minnesota educational costs. Those schools located where it was easy for faculty to get post-baccalaureate training tend to have higher faculty cost.

As cited earlier, there is a strong relationship between concentrations of low-income students and concentrations of minority-group students. It's important not to lose sight of the fact that some faculty, curriculum, in-service training, and human service costs related to helping low-income youngsters achieve educationally must be seen separately from the costs related to preparing faculty to work in a segregated system. Further, to

carry out the difficult and costly processes of desegregation and the slow energy-consuming moves toward an integrated school setting will require additional dollars.

ISSUES CONCERNING OVERBURDEN DUE TO SCHOOL DISTRICT ATTEMPTS TO COPE WITH RACIAL, ETHNIC OR CULTURAL DIVERSITY AND ELIMINATE SEX BIAS

The question of overburden need based on racial/ethnic/cultural diversity involves two separate issues: (1) problems for districts which have sufficiently large concentrations of racially and culturally diverse people to have received a mandate to desegregate/integrate their schools and (2) problems for communities which are relatively homogeneous racially/ethnically/culturally.

SUMMARY

Overburden costs of the districts which have been mandated to desegregate/integrate their schools include: planning costs, inservice training in buildings that will have changed populations because of desegregation, added transportation costs including bus aides, and added staff in buildings with new population configurations. Parent participation as aides in the schools and to work with other parents, staff and administration and curriculum development pertinent to cultural diversity are desirable and necessary additions to a successful program of desegregation/integration, but are additional costs to a district's budget. To insure that these efforts are accomplishing these goals additional evaluation efforts must also be made by the district.

The desirability of educating children to accept human diversity as a normal situation in our society requires attention to the problems of racial/ethnic/culturally homogeneous communities. The costs here are in curriculum development and in inservice training for staff. The sensitivity that is often missing, due to lack of contact with racial/ethnic/cultural diversity as well as lack of information requires a major effort by the staff to offer an educational program which presents the life styles and

contributions of diverse groups in a positive light. These same districts are also now being asked to develop sensitivity programs and alter curricular materials and budget allocations to overcome sex role stereotyping in their schools. Mandated programs such as these seldom carry the additional consideration of funds to cover costs. Additional monies to solve these problems are hard to allocate in the tight school budgets of most districts. Therefore, the State should provide funding necessary to fully implement newly imposed programs.

Two methods of funding could be considered by the State to assume this overburden on school district budgets. One method, the project basis, would require a proposal. The other method, a formula basis might use the AFDC formula.

RECOMMENDATIONS

1. Funding from state resources should be made available for communities making desegregation/integration efforts either on a proposal submission basis or on a formula basis.

2. Funding from state resources should be made available on a proposal submission basis for school districts initiating pilot programs to eliminate sex bias in education which might become models for other districts.

3. Additional staff is required in the Indian Education and Equal Educational Opportunity Sections of the State Department of Education to help local school districts in the planning and development of their curriculum and to provide in-service training for intercultural and non-sexist education.

DESEGREGATION/INTEGRATION EFFORTS IN THE SCHOOL DISTRICT

Certain school districts are faced with unique needs and costs related to desegregation/integration efforts. Whether by court order or State Board rules and regulations there are specific actions and programs that must be initiated by local districts to reach the goal of quality integrated education.

Overburden specifically related to desegregation/integration include the following:

Planning for desegregation efforts, including a large number of community meetings.

Inservice training and planning time is needed for staffs of buildings that will have changed populations because of desegregation. This problem includes buildings which will have new grade arranagements, or buildings which will be part of pairing arrangements, complexes, or new alignments.

Additional transportation needs, more bus aides, added faculty in buildings with new population, leadership for desegregation and integration, a partially modified curriculum, and in-service training for new populations is required.

It is not enough for a state Board of Education to mandate that the racial composition of buildings in a system be changed. Desegregation is not integration. An integrated building is a school building where youngsters of all racial and ethnic backgrounds get to know and respect fellow students, staff, faculty, and each other. The solution involves knowledgeable faculties, curriculum that provides understanding the contributions of the many people that make up this country, and opportunities for students, faculty, and parents to get to know each other in activities of a positive nature.

School districts implementing mandated desegregation/integration programs should be provided additional state aid only in those areas where costs are related to desegregation and integration. These include:

Transportation. In cities of the first class, the state currently provides reimbursement at 80% of costs. The local taxpayer still pays 20% through a property tax levy. A great deal of assistance in the entire desegregation effort would be provided if state aid reimbursements were made available to provide neighborhood bus aides for students being transported under desegregation orders.

In-service Training Programs. Desegregation can lead to integration only if faculties serving new constellations of students can be given in-service education on how to work with diverse populations, new knowledge of how to work with parents of varying racial and ethnic backgrounds, and knowledge of how to help young people learn in a changing environment. In-service training for faculties and staff serving newly integrated populations must involve the entire staff both professional and non-certificated.

Staffing Additions. A major tool in insuring successful desegregation and significant movement towards integration is the addition of classroom aides who are representative of the varied racial and ethnic backgrounds being brought together in integration programs. Students who move from their traditional neighborhoods to other schools as part of the desegregation effort must be able to recognize people from their own community in the school setting, just as students in receiving schools are often put more at ease by contact with adults from their areas.

Parent Participation. The displacement and movement of students in order to achieve desegregation and integration are such that parent participation in the traditional programs of the school becomes more difficult. Districts which are mandated to move students in order to achieve desegregation and integration should be allowed funds to support parent participation aides who would be parents from the various neighborhoods brought together in the desegregated schools. These parents would be employed on a one-half time to three-quarter time basis to work with other parents, the staff, and the administration of the schools to make sure that there is ongoing two-way communication relative to the programs and objectives in the school. It is also important that faculty be kept abreast of parent concern on a regular basis.

Leadership Staff. A desegregation effort can only succeed if funds are available for staff to provide general planning leadership, sustained contact with the community, ongoing evaluation of desegregation/integration efforts, and in some cases, people knowledgeable of new modified facilities plannings. For an example, the Minneapolis Public Schools has a Department of Intergroup Education and a Department of Indian Education. These two

departments have provided direction to the district in looking at the total educational program involving all students living in Minneapolis.

Curriculum Development. The curriculum necessary for a desegregation system to move to integration is a dynamic evolving curriculum. It is not enough only to have curriculum that points to the contributions of the various groups of people who make up this country. In addition, that curriculum must be constantly updated. New awareness on the part of racial/ethnic/cultural groups has created a demand for more knowledge of ways to improve the conditions.

Evaluation. Districts that are involved in desegregation/integration efforts need to have staff capable of evaluating the response to varying approaches to desegregation and integration. The state must help not only by providing additional staff in those districts that are being desegregated but must also provide back-up staff at the state level to coordinate the significant findings into reasonable state effort.

THE STATE RESPONSIBILITY

The state must insure that new knowledge, materials, and training procedures gained through the expensive and sometimes trying process of desegregation/integration can be shared wherever possible with other districts throughout the state.

Many school districts are unable to provide the resources necessary to the task. Districts who are in need of additional funds for desegregation/integration costs will need access to special state funds. These funds might be distributed by one of two methods, a project basis or a formula

basis. A project basis for funding would require a proposal for planning, an accountability system and a system of review for identifying excess cost. In the second method consideration might be given to using the AFDC formula as a basis for funding. This would eliminate the necessity for developing a new and separate formula. It might further be specified that such project grants continue during any period of mandated integration.

EDUCATIONAL PROVISIONS FOR RACIAL/ETHNIC/CULTURALLY HOMOGENEOUS COMMUNITIES

The question of need for overburden support based on racial-cultural diversity has been raised mainly for the benefit of those communities where educational problems are posed because of a large percentage of minority students. Another equally significant question has been raised concerning the education problems in communities that have few or no minority members. If we are to have a population that generally accepts racial-cultural diversity as normal and desirable, provisions for curricular materials and teacher education becomes a necessity.

Curriculum Development. Materials should be developed which relate to and reflect the cultures of many diverse groups. The life styles of these groups should be presented with a positive emphasis and contribution of the diverse life styles to the dominant society, such as food, celebrations, religious practices, language contributions, philosophical and historical contributions and different styles of personal inter-action should be included in the learning materials produced for general classroom use. The positive aspects of being a member of a distinct culture should be brought out. In addition, respect for individual differences within groups and across groups should be taught and reinforced. A sensitivity to others and their assets as well as their problems in our society

will necessitate revisions of vast quantities of the present educational materials. Major contributions to the development of our country by individuals of Jewish, East European, African, Oriental, and Mexican extraction, and women from all these groups have typically been deleted from historical and social accounts.

Since such omission misrepresents the talents and abilities of some of our most effective leaders in various fields of endeavor, a concerted effort should be made to include materials describing their contributions. Since publishers typically react to needs rather than independently create materials that may not be marketable, materials of this nature are still scarce and often not cohesively organized. The burden, then, falls on educators to collect materials from many sources and sometimes even write their own materials to make it appropriate for specific reading levels and interests. This means time and effort which in effect is an overburden to a school district.

Included in this same general problem is the budget difficulties encountered when schools are asked to give equal opportunities to females in all areas of education. Budgets for physical education whether they depend on monies from sports events or on the general school budget have not directed an equal share to the physical development of female students. Schools which are now being asked to allow both sexes to share equally in home-making, industrial and manual arts may find need for more equipment. Materials which stereotype students into roles because of their sex membership need revision and materials which describe the contributions of women in all fields need to be written.

Two sources of curriculum materials need to be considered. One very rich source would be the districts that have already developed materials. These

should be sought out, reviewed and organized for distribution. The second source material developed within the State Department, should not duplicate local district efforts but would involve curriculum development planning as well as materials production.

Staff Development. One of the most crucial areas for change which is basic to acceptance of diversity in our society is in the attitudes of adults who are in charge of students' education. This type of change requires more than a one day workshop. It requires a frequent intermittent input of information, interpersonal contacts and reinforcement of attitude change, a more complicated process than the workshop. This process is imperative however, if any real changes are to be made in education and the acceptance of minority groups. The studies which clearly indicate a correlation between teachers expectations of a student's achievement and that student's actual achievement make it imperative that an attempt be made to insure positive attitudes in teachers toward all students' potential achievement regardless of their group membership. In classes where there are no minority students, the attitude of the teachers toward minority populations may be more subtle, but can just as effectively reinforce negative attitudes of students toward groups even when there is no direct contact. Since it is often true that the adults in charge of students have developed these attitudes and collected much misinformation over a long period of years, school officials will need to be alert to the attitudes of their personnel and develop a series of experiences which will create an atmosphere of acceptance of diversity and individual differences.

The problem is no less crucial in changing attitudes of adults to accept a wider variety of roles for both sexes. The total desirable attitude of accepting a variety of possibilities of experiences, roles and accomplish-

ments for each individual instead of stereotyping an individual because of his/her membership in a racial, cultural, religious, or any other group will take a great deal of time and money and consequently financial support to accomplish.

The added burden of the materials development and management and the workshops for staff development necessitates an addition of staff members in the Indian Education Section and in the Equal Educational Opportunity Section of the Department of Education. These persons should have responsibility for supervising the production of relevant curricular materials and for securing the necessary in-service training for staffs of local school districts.

ISSUES RELATED TO FINANCING SPECIAL EDUCATION PROGRAMS FOR THE HANDICAPPED

Public schools now are mandated to provide special instruction and services for all school age handicapped children and may provide special instruction and services for preschool handicapped children as needed. In addition to this mandate, federal court decisions are consistently holding that handicapped children have a constitutional right to an education. Handicapped children are defined by statute as trainable or educable mentally retarded, hearing impaired, visually impaired, speech impaired, crippled, emotionally disturbed or special behavior problems.

SUMMARY

According to reports submitted to the Special Education Section, the number of pupils receiving special instruction has grown from 14,471 pupils in 1957-58 to 76,735 pupils in 1972-73. In this same period of time, although special education aid has increased from approximately one and one-half million dollars to over 23 million dollars, the percentage of aid has been reduced from 59.8% to 48.1%, thus requiring the local school district to assume an increasing share of the costs. These increased total costs are the result of the average per pupil cost per handicapped pupil, going from $168.71 per pupil in the 1957-58 school year to $625.24 per pupil in the 1972-73 school year. This upward per pupil cost reflects not only the inflationary trends but also the greater proportion of severely handicapped pupils being served for which special services and instruction are most costly.

The State has identified six major special education problems:

1. Resources for program development in the areas of the severely mentally retarded, hearing impaired, vision impaired, physically handicapped, emotionally disturbed and the multi-handicapped are currently inadequate to provide quality educational programs.

2. Although studies have indicated that adolescents between the ages of 9 and 14 can benefit better from school assistance than preschool or first grade students, there is a general lack of special instruction and services, both in quantity and quality, at the secondary level.

3. Severely handicapped pupils are excluded from vocational programs. This means that a great number of handicapped pupils are graduated from public school programs without completion of a meaningful instructional program.

4. There is a lack of preschool programs, especially in the rural areas of the state.

5. Complete information on the costs of special education programs are currently not reported to the State Department of Education. Changes in the accounting systems used by the local school districts and in the reporting system are necessary before complete cost information will be available for the entire state.

6. Although there has been a great deal of emphasis in building evaluation skills in special education leadership people in our state, we have a long way to go in developing good evaluation systems for special education programs. It is immediately necessary to develop a system for reporting and collecting program evaluation reports on a state-wide basis that would result in meaningful information at both local and state levels.

Factors which must be taken into consideration when financing special education programs relate to these problems: the system of applying aid based on average costs, the disparity of salary costs across the State, the fact that handicapped program costs are in excess of the maintenance costs, the fact that school districts providing quality special education programs attract families with handicapped children, the high correlation between the number of handicapped pupils and the number of poor people in a given population, the nature of cooperative programs operating through a host school district and reflecting the average maintenance cost of that district, the fiscal problem districts face with strained budgets at a time when the state is mandating increased services for handicapped pupils, and the declining enrollment in many districts which are altering budgets.

Three alternative methods by which the state could assume a greater portion of the costs of special education services are:

1. Amending the existing formula for special education aid.
2. Recommending a new special aid formula which would pay all or a large percentage of the excess cost of handicapped programs.
3. Recommending a new special aid formula based on weighted average costs of programs on the basis of disability classification such as speech, T.M.R., hearing, etc. or on the type of service provided such as tutoring, resource room, special class, etc.

It appears that the first alternative of adjusting the existing formula would be the most viable option because (1) it addresses itself to excess costs (salaries), (2) the method is flexible to the needs of individual pupils, and (3) the formula method has a good "track record" of over 16 years of effective use in Minnesota.

RECOMMENDATIONS

1. The existing formula for special education aid (60% of the salary of essential personnel not to exceed $5,600 for a full time employee for the regular school term) should be revised by removing the $5,600 maximum on an individual salary and by increasing the percentage of state reimbursement.

The following options should be considered:

OPTION #1: 60% (as at present) of the salaries of essential personnel with no maximum. This would remove the present ceiling of $5,600 in aid paid on a full time employee. The percentage is the same as in the current statutes.

Estimated cost: $7,000,000 additional annually

OPTION #2: 70% of salaries without a stipulated maximum.

Estimated cost: $12,000,000 additional annually

OPTION #3: 80% of salaries without a stipulated maximum.

Estimated cost: $17,000,000 additional annually

2. The state should develop policies and incentives which would encourage the appropriate use of volunteers to assist the local school districts in providing the needed services to handicapped children. The incentives should include state aid for the administration of volunteer programs as well as aid for other expenses which may be incurred in such programs.

Many persons express interest in working with children in the public schools on a volunteer basis. Perhaps no other persons in education have greater need for volunteer assistance than do handicapped children. While some

outstanding examples of volunteerism currently exist, the need is not fully met. To encourage greater public participation in special education programs, some financial incentive is necessary. Payment for expenses associated with this involvement would require a minimal amount of state money but could serve as a powerful incentive for greater public participation.

THE MANDATE FOR EDUCATING HANDICAPPED CHILDREN

In 1957 Minnesota passed legislation mandating special instruction and services for handicapped school age pupils with the exception of the trainable mentally retarded which was permitted under the legislation but not mandated. The State Legislature completed the mandate concerning handicapped children by including trainable mentally retarded children effective July 1, 1972. Public schools now are mandated to provide special instruction and services for all school age handicapped children and may provide special instruction and services for preschool handicapped children as needed.

In addition to the statutory mandate, federal court decisions are consistently holding that handicapped children have a constitutional right to an education. The two landmark decisions relating to the right of handicapped children to an education are the Pennsylvania Association for Retarded Children vs the State of Pennsylvania and the Mills vs the Board of Education, Washington, D.C. In both instances, the courts upheld the right of handicapped children to an education and ordered the school districts to provide appropriate education programs. It is reported that there are currently 34 "right to education" cases in 21 states pending court action. Minnesota has had no court cases in this area but continued progress must be made in providing quality programs for all handicapped pupils in the state if court cases are to be avoided in the future.

Handicapped children are defined by the State Legislature as trainable or educable mentally retarded, hearing impaired, visually impaired, speech impaired, crippled, emotionally disturbed or special behavior problems.

A HISTORY OF SPECIAL EDUCATION FUNDING

Data was collected on the number of special education pupils served, staff, costs and aid for the 50 sample school districts for three school years, 1968-69, 1970-71 and 1972-73. These data are displayed in Tables I-A through I-D in the Appendix. The reader is cautioned that the data for individual school districts may not present an accurate picture of the special education services provided by the district. If a school district makes arrangements to have another school district provide special education services for some of its pupils, the district providing the services includes the data on pupils, teachers, expenditures and aids in its report. The reports of school districts in the sample making such arrangements during the past five years would show decreases in pupils served, staff, expenditures and state aids.

Following are some observations based on the data in Tables I-A through I-D.

1. The number of special education pupils served by school districts at all expenditure levels increased between 1968-69 and 1970-71 and also between 1970-71 and 1972-73.
2. There was a general increase in special education staff members at all expenditure levels during the five year period.
3. The number of special education pupils served by all 50 school districts increased by 47.6 percent during this five year period. The five year increase by expenditure level was high 52.3 percent, median to high 37.8 percent, median to low 21.9 percent, and low 69.1 percent.
4. School districts at all expenditure levels reported increased expenditures for special education programs during the period 1968-69 to 1972-73.
5. Although school districts at all expenditure levels received increased dollar amounts of state aid during the period 1967-68 to 1972-73, the percentage that this aid was of reported expenditure was generally inversely related to the expenditure level of the school district, that is, in general, the higher a school districts expenditures, the smaller were its special edu-

cation aid payments in relation to its special education costs. Graphs A through D in the Appendix portray the relationship between reported expenditures and state aids for school districts at each expenditure level and for all 50 school districts.

According to reports submitted to the Special Education Section of the Department of Education, the number of pupils receiving special instruction and services has shown the following growth:

NUMBER OF HANDICAPPED PUPILS SERVED

1957-58	14,471 pupils
1962-63	27,722 pupils
1967-68	48,346 pupils
1972-73	76,735 pupils

The reported costs - representing the salaries of the essential personnel required to provide the special instruction and services, the costs of special instructional supplies, material and equipment - and the special education aid payments for the years listed above are as follows:

REPORTED COSTS AND SPECIAL EDUCATION AIDS

Year	Reported Costs	Special Education Aid	Percentage of Aid of Reported Costs
1957-58	$ 2,424,556	$ 1,449,934	59.8%
1962-63	7,285,545	3,869,008	53.1%
1967-68	16,858,014	9,118,272	54.1%
1972-73	47,978,000	23,068,000	48.1%

From the tables above, it should be noted that not only have the numbers of children receiving special services and instruction increased but that the decreasing percentage of state support means that the local district has had to assume an increasing share of the costs.

The average costs per handicapped pupil served has also increased during this same period as follows:

AVERAGE COST PER PUPIL SERVED

Year	Average Reported Cost
1957-58	$168.71
1962-63	$262.80
1967-68	$348.69
1972-73	$625.24

(NOTE: The reported costs above represent only the costs that are eligible for reimbursement of special education aids. Also, most special education costs must be considered as excess costs and not replacement costs to mainstream. The costs reported do not include the basic mainstream program in which most handicapped pupils participate.)

The increase in the average cost per pupil over the years not only represents inflationary trends but also reflects a greater proportion of severely handicapped pupils being served for which special services and instruction are more costly. It must also be recognized that the State is providing special instruction and services to not more than 80% of the estimated handicapped pupils in the state. This is based on an incidence ratio of 10.14% of the school age population, a ratio which is considered to be a conservative estimate according to research studies.

PROGRAM PROBLEMS IN EDUCATION FOR THE HANDICAPPED

The State must not only be concerned about providing special instruction and services to all handicapped children but must also be concerned about the quality of the programs. The State has identified six major special education problems as follows:

1. State and local resources are currently inadequate to provide quality educational programs for the severely handicapped pupils such as the severely

mentally retarded, hearing impaired, vision impaired, physically handicapped, emotionally disturbed and the multi-handicapped. Program developments in these areas are needed but the resources for the needed development are lacking. Although the special education aids do assist local school districts in providing special programs and services for these children, the unreimbursed costs which must be assumed by the LEA* are very costly and result in serious budgetary problems for the LEA.

Securing the necessary funding for these programs and services often results in the reduction of services for other children in the district. This is a serious conflict for LEA officials and must be remedied if the state is to meet its commitment to education for all children.

2. There is a general lack of special instruction and services, both in quantity and quality, at the secondary level. An attitude appears to prevail that special instruction and services at the secondary level is not useful - that if children have not solved their learning and/or behavior problems by the time they reach junior or senior high school, little can be done at this level to help the pupil. A study conducted by the Stanford Research Institute of California found that adolescents between the ages of 9 and 14 can better benefit from special school assistance than preschool or first grade. Preliminary findings from evaluation of programs in the State support the belief that secondary pupils can and do profit from special instruction and services.

3. The quality of secondary programs for handicapped pupils must be improved. Too often, handicapped pupils receive little if any vocational training. Severely handicapped pupils are excluded from vocational programs. A great number of handicapped pupils are graduated from public school

*Local Education Agency (Local School District)

programs merely on reaching 18 years of age rather than on the basis of completion of a meaningful instruction program. With proper program planning and support services handicapped pupils can profit from vocational training to the point where they can be gainfully employed. The State cannot afford not to provide quality secondary programs which include vocational training for the handicapped pupils.

4. There is a lack of preschool programs. Opportunity for preschool educational services for handicapped children is limited and almost nonexistent, particularly in the rural areas of the state. Preschool programs which do exist are located in the metropolitan areas of the state and are directed primarily toward the hearing impaired. We presently lack the resources and personnel to implement programs for other handicapped children in need of early intervention services.

   Because of high cost programs and the permissive nature of the preschool law, there is a lack of commitment throughout the state to serve preschool handicapped children despite strong positive feelings about the worth of the program. Securing necessary funding for these programs often results in the reduction of services for other children in the district.

5. The accounting systems of LEA and the reporting system to the State Department do not lend themselves to identifying the real costs of providing special instruction and services for handicapped children. The Special Education Section collects cost information on salaries of essential personnel and special supplies and equipment for programs for handicapped but the other costs realized by LEA are not identified. The Department has added an addendum to the Annual Financial Report from LEA's which will identify all direct costs by disability area. This information will

be available in the fall of 1974 for costs incurred during the 1973-74 school year.

In addition, the Minnesota Commission for the Handicapped and the Department of Education are jointly considering a study on the status of special education services for handicapped at the preschool, school age and post school age levels in the state. Should this study materialize, additional information should be available for the 1976 legislative session.

6. No precise system is available for program evaluation. We do not know the extent to which handicapped children who are receiving special education services are making gains commensurate with program expectations.

   Although there has been a great deal of emphasis in building evaluation skills in special education leadership people in our state, we have a long way to go in developing good evaluation systems for special education programs. It is immediately necessary to develop a system for reporting and collecting program evaluation reports on a state-wide basis that would result in meaningful information at both local and state levels.

In addition to the information above, the following factors must be taken into consideration in any decisions or recommendations for financing special education programs:

1. The costs reported are average costs which means that the state aid does not apply uniformly to the actual costs incurred by all school districts.

2. The greatest single cost in providing special instruction and services is the expenditure for salaries.

3. There is a great disparity in salary costs among schools in the state.

4. Most of the special instruction and services are programs which support handicapped pupils in the mainstream programs. Exceptions to this are mostly in the severely handicapped programs which are self-contained special programs which actually take the place of the regular mainstream program. Therefore, most handicapped program costs must be considered as excess costs and not a replacement cost to mainstream. Only in the exception where children are placed in special classes are such costs replacements to mainstream costs.

5. Parents of handicapped pupils tend to move to school districts providing quality programs for their child. This is especially so for the severely handicapped pupil who represents a costly service.

6. There is a high correlation between the number of handicapped pupils and the number of poor people in a given population.

7. A great number of the programs for handicapped are cooperative programs operated through a host school district. The costs of such programs are reflected in the average maintenance cost for those host school districts.

8. Many school districts in the state are faced with having to reduce services at the same time as they should be increasing services for handicapped pupils to meet the state mandate. While most school districts are facing declining enrollments they are also faced with the need to expand special instruction and services for handicapped. This is a very difficult if not untenable position for dedicated school officials. A method must be found to assist schools in financing their special education programs which would reduce if not eliminate the dilemma these school districts face.

ALTERNATIVES FOR STATE FINANCIAL SUPPORT

It appears that the most reasonable method for solving the problems of financing special education programs is for the state to assume a greater portion of the costs for such services. This could be done by any of the following methods which have been suggested by various groups in recent years:

1. Revising the existing formula for special education aid (60% of the salary of essential personnel not to exceed $5,600 for a full time employee for the regular school term) by increasing the percentage of reimbursement and removing the $5,600 maximum on an individual salary.

   The following options should be considered:

   OPTION #1: 60% of the salaries of essential personnel with no maximum. This would remove the present ceiling of $5,600 in aid paid on a full time employee. The percentage is the same as in the current statutes.
   Estimated cost: $7,000,000 additional annually

   OPTION #2: 70% of salaries with no maximum. This would increase the percentage of reimbursement in Option 1 by 10%.
   Estimated cost: $12,000,000 additional annually

   OPTION #3: 80% of salaries with no maximum
   Estimated cost: $17,000,000 additional annually.

2. Recommend a new special aid formula which would pay all or a large percentage of the excess cost of handicapped programs. Excess cost is defined as the cost differential between the costs of educating a non-handicapped child and the costs of educating a handicapped child. No estimate on the added costs are available at this time because of the current accounting and reporting procedures.

3. Recommend a new weighted special aid formula based on average costs of programs based either on the disability classification such as speech, T.M.R., hearing, etc. or on the type of service provided such as tutoring, resource room, special class, residential program, etc. No cost estimates are available on this method at this time. Accurate cost information and a decision on the percentage of state effort are necessary before cost could be determined.

There are advantages and disadvantages to each of the above alternatives. Regardless of the alternative selected, however, more state funds must be allocated for special education programs if we are to alleviate the current problems that exist. At this time, the school accounting and reporting systems do not lend themselves to accurate program costs. In order to move to an excess cost formula, improved accounting and reporting systems would have to be developed and implemented.

The systems of weighting either by program or by disability have been tried and have generally proved to be too inflexible to meet the needs of each handicapped child.

The method of providing special education aids to LEA's through a weighted system based on average costs gained a great deal of interest from a report prepared by the National Education Finance Project. Dr. Richard Rossmiller directed the portion of this study which dealt with financing special education and appeared as a strong advocate for the weighting concept. Since completion of the study, however, Dr. Rossmiller appears to have some reservations about the weighted method of financing special education programs. In an article by Dr. Rossmiller entitled "coming to Grips with Costs and Expenditures" in the Education Commission of the States Report #50, May, 1974, he enumerates the following limitations of the weighted system:

1. " . . . using the average cost of all special education programs in the state as a basis for allocating funds to individual districts is no guarantee that adequate provisions will be made for the special education needs of pupils in these districts . . . "

2. " . . . cost indexes reflect current education practice . . . they reflect only what is currently done, not what could (or should) be done . . ."

3. " . . . cost indexes show the relative costs of educating pupils in special programs compared with costs of educating pupils in regular programs. They do not provide information as to how wisely or how efficiently funds are being expended for either regular or special education programs . . ."

4. " . . . a cost index which lumps together all programs for educating a particular category of handicapped children without regard to the way in which educational services are delivered to such children will make a great deal of cost variation within these programs."

5. " . . . differences in salaries and in costs of educational supplies and materials exist between districts, and these differences will be reflected in educational program costs and cost indexes."

In light of the above information, the Task Force recommends the first alternative of adjusting the existing formula as the most viable option. This formula does address to excess costs in that the aid is paid on salaries, the greatest cost item in any program. The method is flexible to the needs of individual pupils. The method encourages program improvement as it provides more aid for quality programs. The formula has a good track record over the 16 years it has been used in that Minnesota is one of the top ten states in providing quality programs for handicapped children.

It is also recommended that the state establish policies and incentives which would encourage the appropriate use of volunteers to assist local school districts in providing quality programs for their handicapped children. The incentives should include state support for the expenses incurred by the local school district, including administration, in the operation of volunteer programs.

TABLE I-A

SPECIAL EDUCATION DATA
PUPILS, STAFF, COSTS AND AID
1968-69, 1970-71, 1972-73
HIGH EXPENDITURE SCHOOL DISTRICTS

District Name	Pupils	Staff Full-Time	Staff Part-Time	Reported Expenditures	State Aids	% Aid of Reported Expenditures
St. Louis Park						
1968-69	770	30	109	357,669	160,270	44.8
1970-71	696	28	112	490,461	225,828	46.0
1972-73	688	27	98	555,576	230,315	41.4
St. Paul						
1968-69	3,338	303	30	2,725,569	1,215,735	44.6
1970-71	5,313	362	43	4,101,450	1,849,723	45.0
1972-73	7,101	494	23	5,302,658	2,231,184	42.0
Minneapolis						
1968-69	7,594	421	520	4,697,994	2,125,256	45.2
1970-71	9,608	485	497	6,217,432	2,881,059	46.3
1972-73	11,217	545	464	7,685,506	3,323,790	43.2
Hopkins						
1968-69	674	39	95	459,423	215,469	46.8
1970-71	730	25	64	320,870	155,388	48.4
1972-73	377	24	43	332,023	139,963	42.1
Richfield						
1968-69	795	34	77	400,006	196,434	49.1
1970-71	1,151	33	88	469,723	223,448	47.5
1972-73	762	33	58	529,322	237,578	44.8
Roseville						
1968-69	568	27	26	286,706	143,984	50.2
1970-71	1,234	44	60	569,005	273,625	48.0
1972-73	1,434	47	54	624,408	285,827	45.7
Rochester						
1968-69	718	23	54	257,410	129,264	50.2
1970-71	1,233	45	75	518,632	267,218	51.5
1972-73	1,059	54	69	686,046	345,294	50.3

(Table I-A continued)

District Name	Pupils	Staff Full-Time	Staff Part-Time	Reported Expenditures	State Aids	% Aid of Reported Expenditures
No. St. Paul						
1968-69	734	15	72	230,100	116,733	50.7
1970-71	640	38	37	286,022	152,047	53.1
1972-73	700	29	58	411,473	202,098	49.1
Chisholm						
1968-69	139	1	25	40,982	27,321	66.6
1970-71	228	4	21	67,962	37,382	55.0
1972-73	111	4	15	58,224	29,486	50.6
Ely						
1968-69	69	2	11	30,058	17,917	59.6
1970-71	187	1	30	79,715	44,374	55.6
1972-73	194	1	26	91,790	50,789	55.3
Zumbrota						
1968-69	188	2	1	16,699	9,239	55.3
1970-71	162	2	3	19,412	11,126	57.3
1972-73	89	1	2	12,082	6,343	52.4
Frost						
1968-69	-	-	-	-	-	-
1970-71	3		1	1,407	884	62.8
1972-73	-	-	-	-	-	-
Cyrus						
1968-69	-	-	3	1,450	615	42.4
1970-71	-	-	-	-	-	-
1972-73	9		1	1,266	760	60.0
TOTALS						
1968-69	15,587	897	1,023	9,504,066	4,358,237	45.9
1970-71	21,185	1,067	1,031	13,142,091	6,122,102	46.6
1972-73	23,741	1,259	911	16,290,374	7,083,427	43.5

TABLE I-B
SPECIAL EDUCATION DATA
PUPILS, STAFF, COSTS AND AID
1968-69, 1970-71, 1972-73
MEDIAN TO HIGH EXPENDITURE SCHOOL DISTRICTS

District Name	Pupils	Staff Full-Time	Staff Part-Time	Reported Expenditures	State Aids	% Aid of Reported Expenditures
Robbinsdale						
1968-69	2,165	72	301	949,510	446,298	47.0
1970-71	2,166	83	293	1,315,587	574,987	43.7
1972-73	2,020	79	242	1,492,019	621,735	41.6
Moorhead						
1968-69	303	13	14	117,503	64,247	54.6
1970-71	689	37	43	345,788	177,644	51.3
1972-73	897	31	70	481,322	238,679	49.5
Grand Rapids						
1968-69	271	11	44	113,667	54,978	48.3
1970-71	360	13	42	158,888	80,790	50.8
1972-73	351	15	34	204,073	97,669	47.8
Burnsville						
1968-69	222	8	53	134,309	65,649	48.8
1970-71	518	8	53	144,263	77,365	53.6
1972-73	762	8	62	230,000	124,523	54.1
Thief River Falls						
1968-69	232	7	38	75,923	40,454	53.2
1970-71	N.A.	N.A.	N.A.	209,695	103,485	49.3
1972-73	149	15	31	118,721	66,790	56.2
International Falls						
1968-69	114	4	10	56,388	24,311	43.1
1970-71	117	4	17	62,729	31,101	49.5
1972-73	139	5	16	62,513	33,193	53.0
Willmar						
1968-69	328	12	20	131,536	71,341	54.2
1970-71	431	16	38	215,607	112,356	52.1
1972-73	428	23	34	305,204	152,821	50.0

(Table I-B continued)

District Name	Pupils	Staff Full-Time	Staff Part-Time	Reported Expenditures	State Aids	% Aid of Reported Expenditures
Marshall						
1968-69	80	2	5	32,247	14,203	44.0
1970-71	114	4	9	47,913	23,177	48.3
1972-73	124	6	22	62,897	30,787	48.9
LeSueur						
1968-69	88	4	3	27,883	18,061	64.7
1970-71	97	4	5	28,780	16,992	59.0
1972-73	94	3	4	34,322	18,934	55.1
Roseau						
1968-69	25	3	1	20,836	11,669	57.2
1970-71	179	12	11	116,174	66,668	57.3
1971-72	195	19	1	160,473	87,996	54.8
Bird Island						
1968-69	-	-	-	-	-	-
1970-71	48	2	9	31,993	14,742	46.0
1971-72	29	2	5	32,466	13,259	40.8
St. Clair						
1968-69	2	-	5	655	436	66.5
1970-71	19	-	2	4,545	2,720	59.8
1972-73	82	-	11	5,778	3,463	59.9
LaPorte						
1968-69	1	-	1	240	159	66.2
1970-71	15	4	1	20,723	12,185	58.7
1972-73	29	2	1	16,895	10,043	59.4
Oklee						
1968-69	43		2	4,042	2,633	65.1
1970-71	29	1	5	12,460	7,418	59.5
1972-73	38	3	9	36,175	17,610	48.6
TOTALS						
1968-69	3,874	136	497	1,664,298	814,439	48.9
1970-71	4,752	188	528	2,715,145	1,301,630	47.9
1972-73	5,337	211	542	3,242,858	1,517,502	46.8

TABLE I-C

SPECIAL EDUCATION DATA
PUPILS, STAFF, COSTS AND AID
1968-69, 1970-71, 1972-73
MEDIAN TO LOW EXPENDITURE SCHOOL DISTRICTS

District Name	Pupils	Staff Full-Time	Staff Part-Time	Reported Expenditures	State Aids	% Aid of Reported Expenditures
Little Falls						
1968-69	213	8	16	72,535	37,926	52.2
1970-71	227	16	13	152,463	76,674	50.2
1972-73	466	25	35	315,436	158,196	50.1
Lakefield						
1968-69	41	2	5	21,847	10,638	48.6
1970-71	46	3	5	31,861	17,083	53.6
1972-73	44	3	3	35,912	17,972	50.0
Anoka						
1968-69	1,779	48	141	542,585	283,340	52.2
1970-71	1,635	70	160	798,978	419,925	52.5
1972-73	1,831	87	205	1,085,077	582,898	53.7
Jackson						
1968-69	19	1	5	13,095	7,696	58.7
1970-71	86	2	7	21,299	11,250	52.8
1972-73	67	3	6	29,853	16,860	56.4
Breckenridge						
1968-69	21	1	10	20,932	12,821	61.2
1970-71	65	1	15	23,099	13,302	57.5
1971-72	79	5	15	37,363	22,227	59.4
St. Charles						
1968-69	7	1	4	9,120	4,600	50.4
1970-71	49	2	4	21,446	12,696	59.1
1972-73	58	3	2	37,329	21,084	56.4
Russell						
1968-69	1	-	1	315	209	66.3
1970-71	11	-	1	1,620	681	42.0
1972-73	2	1	-	1,582	642	40.5

(Table I-C continued)

District Name	Pupils	Staff Full-Time	Staff Part-Time	Reported Expenditures	State Aids	% Aid of Reported Expenditures
Cromwell						
1968-69	24	2	1	16,747	9,988	59.6
1970-71	46	2	3	23,968	13,803	57.5
1972-73	18	2	3	12,536	6,906	55.0
Brewster						
1968-69	10	-	1	780	519	66.5
1970-71	4	-	5	1,713	700	40.8
1972-73	14	-	1	3,629	1,446	39.8
TOTALS						
1968-69	2,115	63	184	697,956	367,737	52.7
1970-71	2,169	96	213	1,076,447	566,114	52.6
1972-73	2,579	50	270	1,558,717	828,231	53.1

TABLE I-D
SPECIAL EDUCATION DATA
PUPILS, STAFF, COSTS, AND AID
1968-69, 1970-71, 1972-73
LOW EXPENDITURE SCHOOL DISTRICTS

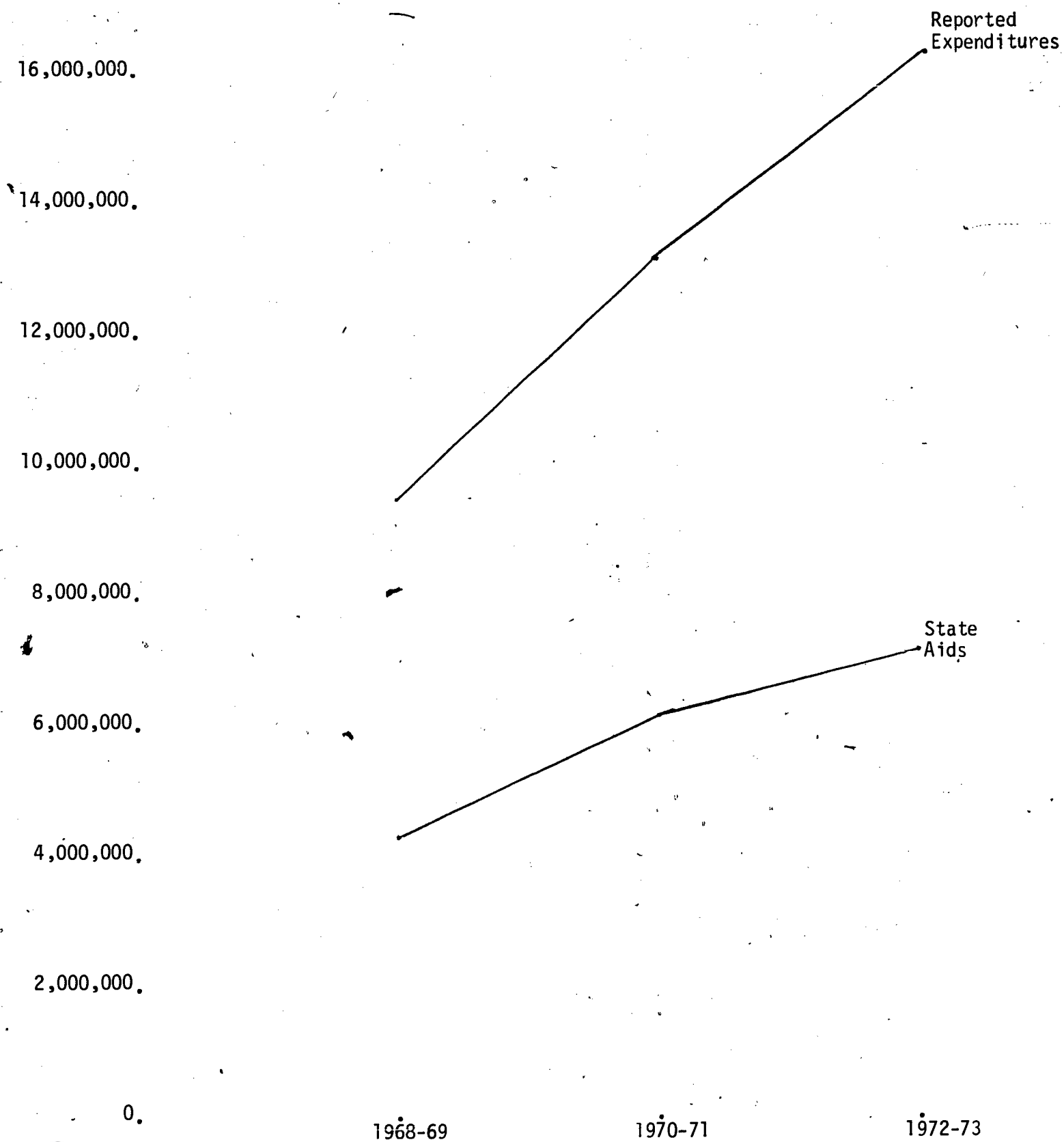
District Name	Pupils	Staff Full-Time	Staff Part-Time	Reported Expenditures	State Aids	% Aid of Reported Expenditures
Brainerd						
1968-69	593	17	36	150,731	87,769	58.2
1970-71	582	24	37	250,599	137,769	54.9
1972-73	773	48	64	571,034	316,208	55.3
Chisago Lakes						
1968-69	95	2	15	30,977	18,326	59.1
1970-71	65	1	19	25,411	15,194	59.7
1972-73	74	4	16	26,348	15,691	59.5
Bagley						
1968-69	20	2	4	15,606	9,348	59.9
1970-71	93	8	3	62,884	33,426	53.1
1972-73	241	14	8	113,906	61,695	54.1
Hayfield						
1968-69	8	1	1	9,065	4,949	54.5
1970-71	68	2	2	19,030	10,492	55.1
1972-73	79	2	5	16,881	9,919	58.7
Pine City						
1968-69	46	2	12	19,230	11,061	57.5
1970-71	66	4	25	42,272	24,195	57.2
1972-73	77	15	1	57,648	30,472	52.8
Mahnomen						
1968-69	2	-	2	1,902	721	37.9
1970-71	49	4	9	31,527	17,520	55.5
1972-73	99	10	6	57,436	31,505	54.8
New York Mills						
1968-69	70	2	5	22,435	12,727	56.7
1970-71	17	2	2	24,937	13,504	54.1
1972-73	-	-	-	-	-	-

(Table I-D continued)

District Name	Pupils	Staff Full-Time	Staff Part-Time	Reported Expenditures	State Aids	% Aid of Reported Expenditures
Cottonwood						
1968-69	13	-	4	4,034	1,444	35.7
1970-71	114	4	9	47,913	23,177	48.3
1972-73	43	-	7	7,010	2,711	38.6
Goodhue						
1968-69	9	-	1	228	151	66.2
1970-71	18	1	10	10,862	5,648	51.9
1971-72	95	3	-	19,372	10,029	51.7
Sanborn						
1968-69	29	-	7	2,385	900	37.7
1970-71	19	-	6	3,325	1,390	41.8
1972-73	13	-	3	3,715	1,400	37.6
Brandon						
1968-69	5	-	5	5,495	1,423	25.8
1970-71	18	-	5	7,792	3,896	50.0
1972-73	1	1	14	9,436	5,291	56.0
TOTALS						
1968-69	890	26	92	262,088	148,819	56.7
1970-71	1,109	50	127	526,552	286,211	54.3
1972-73	1,505	97	124	882,786	484,921	54.9

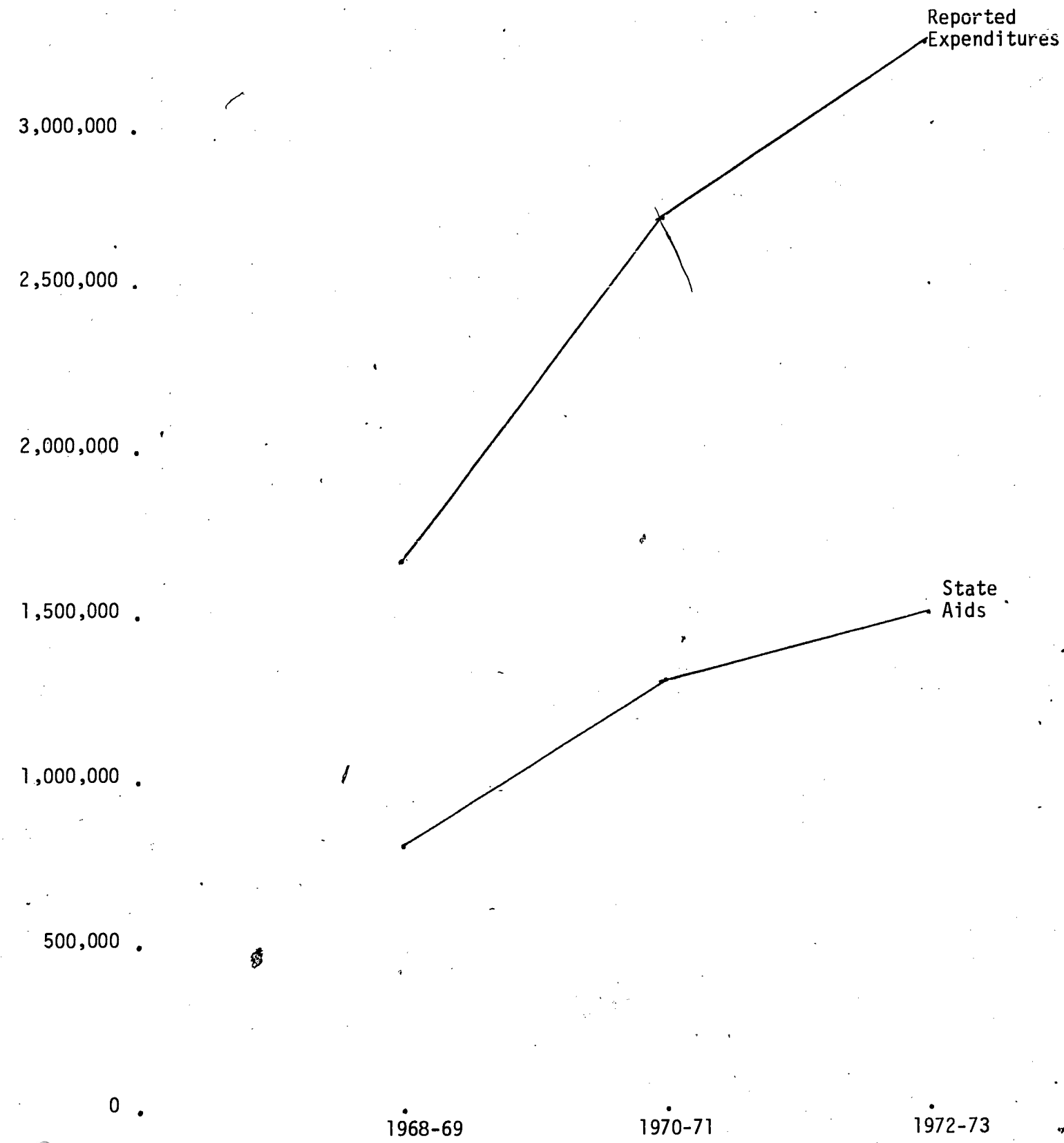
GRAPH A

HIGH EXPENDITURE SCHOOL DISTRICT TOTALS OF REPORTED EXPENDITURES AND STATE AIDS FOR SPECIAL EDUCATION PROGRAMS, 1968-69, 1970-71, and 1972-73



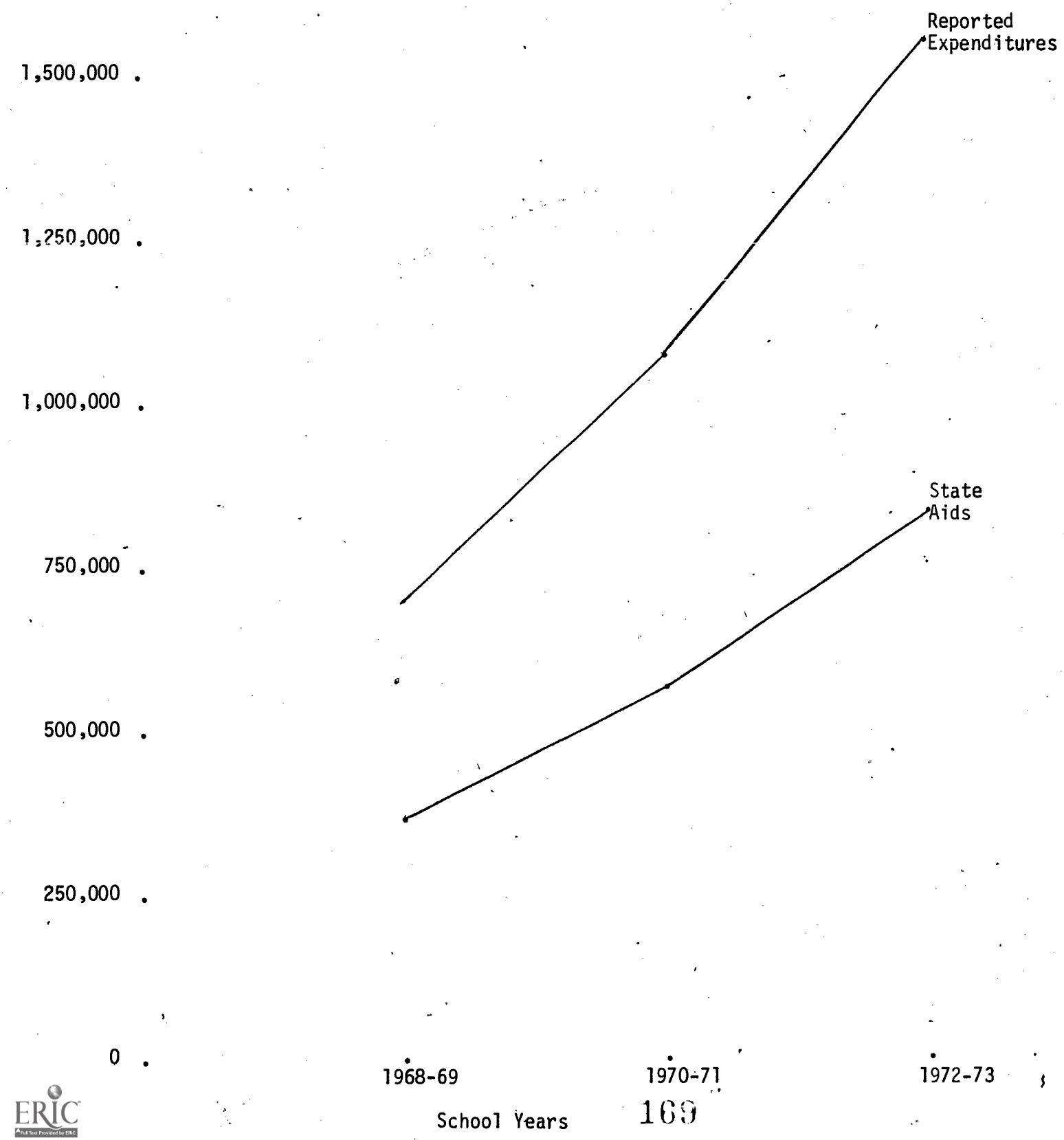
GRAPH B

MEDIAN TO HIGH EXPENDITURE SCHOOL DISTRICT TOTALS OF REPORTED EXPENDITURES AND STATE AIDS FOR SPECIAL EDUCATION PROGRAMS, 1968-69, 1970-71, and 1972-73



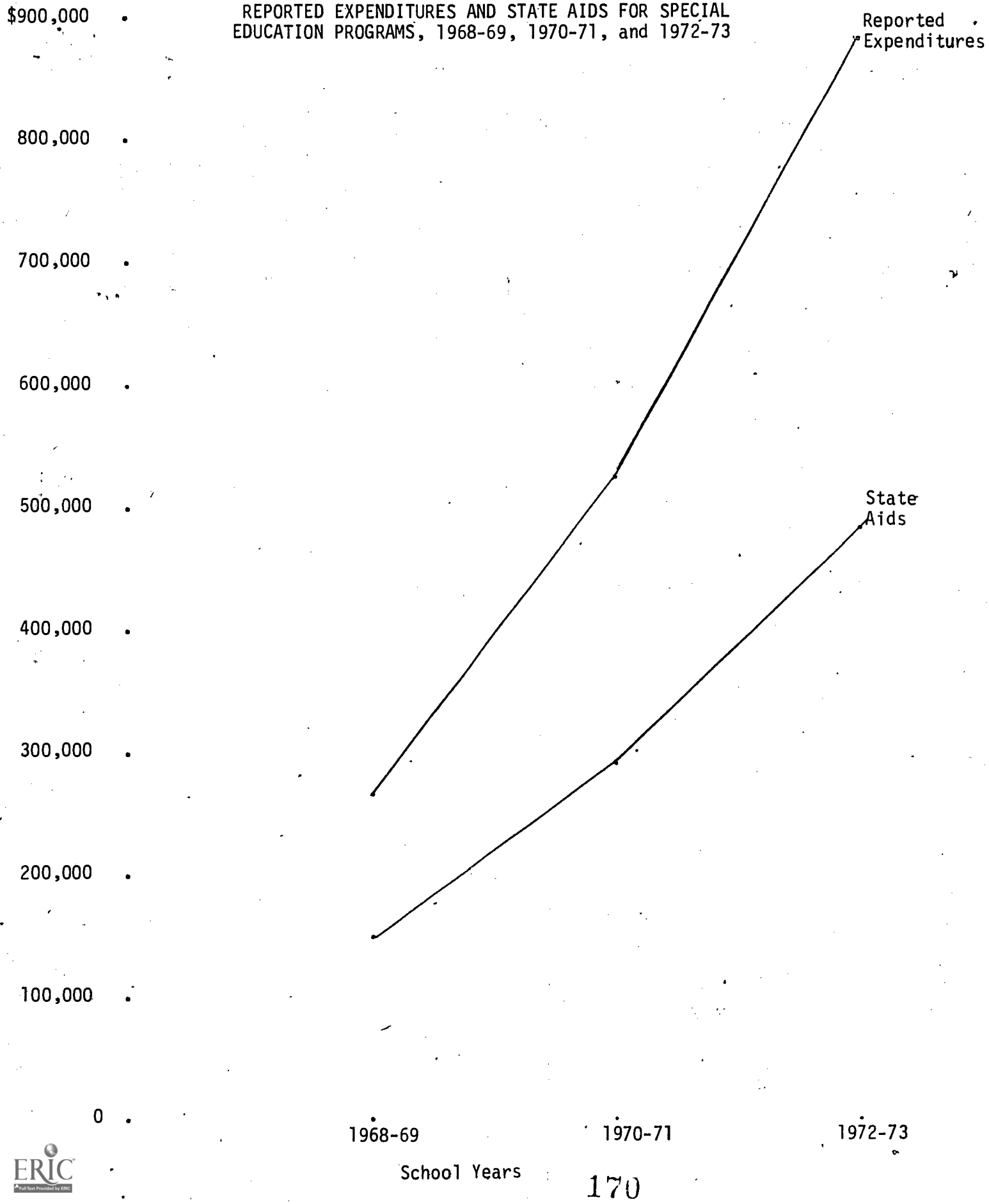
GRAPH C

MEDIAN TO LOW EXPENDITURE SCHOOL DISTRICT TOTALS OF REPORTED EXPENDITURES AND STATE AIDS FOR SPECIAL EDUCATION PROGRAMS, 1968-69, 1970-71, and 1972-73



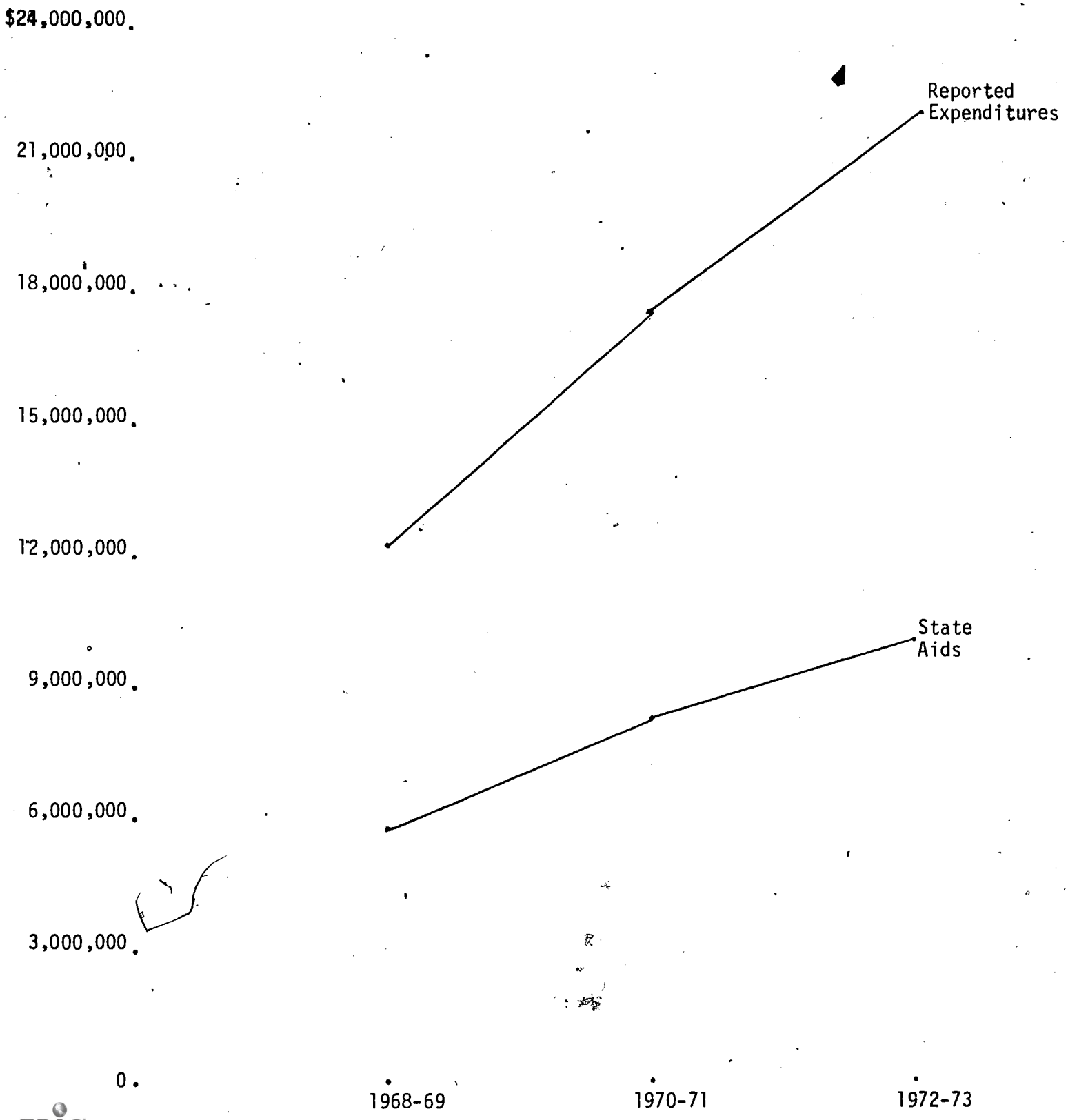
GRAPH D

LOW EXPENDITURE SCHOOL DISTRICT TOTALS OF REPORTED EXPENDITURES AND STATE AIDS FOR SPECIAL EDUCATION PROGRAMS, 1968-69, 1970-71, and 1972-73



GRAPH E

FIFTY SCHOOL DISTRICT TOTALS OF
REPORTED EXPENDITURES AND STATE AIDS FOR SPECIAL
EDUCATION PROGRAMS, 1968-69, 1970-71, and 1972-73



ADDITIONAL COMMENTS OR DISSENTS
BY MEMBERS OF THE TASK FORCE

Salisbury Adams

I have just one or two observations in the form of dissents to make for the record, as follows:

Issue Paper on State Foundation Aids, Recommendation 1: I would like to see it spelled out more clearly that, while the State should continue its efforts toward equalization, it should not do so to the extent of harming the existing programs in high-spending districts nor encouraging the indiscriminate increase of spending in low-spending districts. I think that this is implicit but ought to be stated clearly when discussing the subject of equalization of educational opportunities.

My other point relates to the third factor under the subject of Additional Aid Based on Training and Experience of Professional Staff. I can well understand factors 1 and 2, but factor 3 gives me great concern. This is the one that grants what could be substantial amounts of aid for districts with higher numbers of certified staff per 1,000 pupils. One must bear in mind that .02% of $825.00 is $16.50 per pupil unit so that if all districts were to take advantage of this stimulation, sizable amounts of money could be involved. We must recognize that expanding certified staff relative to numbers of students has been a normal process that needs no state aid incentives. At the moment there may well be unemployed teachers and their problems certainly require our attention - so too the problem of School Districts with senior staffs. But there are other programs such as teacher sabbaticals, early retirement, teacher mobility, etc. which are being considered for these problems. Also, we must not let the classroom load especially in primary grades, get too big and yet there are approaches such as teachers' aides, paraprofessionals, and curricula restructuring which are designed to avoid this but building into the State Aid formula an incentive to hire more certified teachers per 1,000 students is a basic mistake, I believe, and one probably which will be impossible to change. The incentive, if any, in this area, should probably be just the opposite, for in no other way will the teaching profession gain the increases in individual productivity and exposure with which the teaching profession can gain its rightful economic and social status.

Lloyd Nielsen

The following references to a recommendation concerning a limited and equalized discretionary power for school districts which the Task Force recommended for study.

The inclusion in the formula of some amount of local School Board discretion to raise revenues above rigid limits is essential if quality elementary and secondary education is to continue to be a benchmark of the State of Minnesota. The vitality which districts making extra effort have given to Minnesota public schools and the prerogative of local boards to do more in schools than has been done in the past should not be completely eliminated. Rather, the State's goals should be to distribute resources in a way which makes this discretion a reality to more districts on an equitable basis rather than to eliminate this discretion from those who have been willing to make the extra effort in the past.

The abrupt discontinuation of this factor in 1971 will in my judgment have a long term detrimental effect on the relatively high level of public education attained in Minnesota, both in terms of initiation of improvements and in continuance of existing quality programs. In the past in those districts where the local boards supported additional effort, services were initiated which on the basis of success in these districts were subsequently adopted by other districts. The complete elimination of local discretion will eliminate much of the vitality of this process. It is recognized that some development funds that some development funds are available through the Quality Education Council process. These are distributed on the basis of state-wide needs and considerations. While it is appropriate in the interest of efficiency that much development investment be on such state-wide basis, the complete elimination of local initiative will stifle much creative commitment of faculties in the local school districts of the State. Further, the experience during 1973-74 and 1974-75 clearly demonstrates the need for access to some amount of local Board discretion to avoid deterioration of high quality services due to circumstances (e.g., the high level of inflation) unforeseeable by the authors of the formula at a given time.

I believe the restoration of local discretion in the 10%-15% per pupil unit range on a power equalized basis would provide insurance toward continuing the vitality for service improvement through local districts during a time when action toward state-wide direction of improvement is being initiated. In addition, it would retain a limited sense of the right of the local community through its elected school board to determine the appropriate level of investment for the youth in their schools. Finally, it would provide a safeguard to maintain a given level of services in circumstances not visible at the time legislators project revenue needs for the succeeding biennium.

In simplest terms power equalizing means that equal effort will result in equal revenues being available to support educational programs. The source of the revenues involved need <u>not</u> be property taxes, although the use of such tax is one way power equalizing can be implemented. The critical factor is some type of local effort to which a state or regional revenues source responds to equalize the number of dollars per pupil unit that are available for each increment of local effort. If $1.00 of local effort per taxpayer raises $10.00 per pupil unit in one school district, a power equalizing system will provide that the same would happen in any district.

The following is a hypothetical example of one power equalization basis for local board discretion using the property base:

<u>Assumptions</u>

1. 5%-10% of a state average of $800 would be $40-$80.

2. A district choosing to exercise the local discretion would be required to make levy effort on the same level as that district in the state with the average per pupil evaluation. The excess dollars produced from districts with above average evaluation would be placed in a state-wide Effort Fund to support the deficits resulting in below average districts when the choice to make equal effort was exercised. Any net deficits in this pool would be supplemented by state revenues from non-property sources.

Example

1. District A with 5,000 pupil units chooses to increase its per unit investment by $10 above the limitations. Assume the state average effort required to do this is 5 mills. Assume further that 5 mill levy in District A would yield $15 p.p.u. District A would increase the local effort by 5 mills yielding $50,000 for local purposes and $25,000 to go into the state-wide Effort Fund.

2. District B with 5,000 pupil units makes a similar choice to raise the investment by $10 p.p.u. above limitations. The 5 mill levy, however, raises only $35,000. District B would file a certificate of additional effort with the State Department of Education and receive a $15,000 power equalizing grant from the Effort Fund.

Bernard L. Pirjevec

With a sincere respect for the outstanding qualifications, the many hours of unselfish effort and the noble intentions of my fellow committee members, I regretfully find it necessary to submit the following general and specific minority comments regarding the Foundation Aid and Levy sections of this report.

1. I, for one, was disappointed with the approach used and some of the findings in these two reports. Due to limited time and the fact that meaningful data was unavailable, the committees were unable to conduct a thorough diagnostic study on school finances. We failed to analyze the fiscal consequences of the new finance formulas on each district's various funds; to detect and verify the reasons therefore and to suggest/test formula improvements. I, therefore, believe some of the findings should be considered with reservations; several of the statements in these two reports are inaccurate or misleading and they appear to reflect opinions rather than substantiated facts. This experience did reveal an urgent need for a thorough study on Minnesota's school finance formulas.

2. Due to the fact that our statutes integrate or coordinate our aid and levy formulas and separate committees were established to study each of these two aspects, I believe the most important fiscal problem (inflation) was underemphasized and other significant problems (mandated costs, tax delinquencies, trends in revenue disparities, transportation and Capital Outlay formula deficiencies) were overlooked.

Foundation Aid Report

1. Summary Statements:

   The theme of these remarks appear to emphasize the plight of high expenditure/declining enrollment districts while they overlook or minimize the problems of average, low cost, stable and growing districts. Both testimony and available data indicate that, although the present formulas have generally helped all districts and their taxpayers, no one kind of district is excluded from having equally serious fiscal problems under these formulas. The data also indicates that the new finance formulas have a divergent effect upon similar districts - i.e., some districts in each classification fared better than those in other classifications.

2. Recommendation #1:

   Although society and our judicial system have apparently accepted the premise that "equal revenue is synonomous with equal educational opportunity" this concept appears to be more a matter of convenience than an objective. In actuality, our formulas overlook many cost-related disparities - climate, terrain, population density, physical facilities, etc. There is also serious need to incorporate on-site needs assessments, to coordinate statutes and regulations, to improve our data base and, possibly, alter our educational delivery system before "equal educational opportunity" becomes a reality. Lacking these improvements, I believe we should tread carefully in our effort to equalize revenue.

Recommendation #2:

This recommendation appears to contradict Recommendation #1 as the degree and experience weightings (A-1 and A-2) would expand present disparities in revenue per pupil. If such a formula were to be adopted, some consideration should be given to including non-certified staff (aides) and the equally, if not more important, factor of disparities in salary schedules.

Levy Report

Recommendation #2:

Inasmuch as the cited discrepancy does not affect a district's revenue but, rather, the portion of such revenue which is paid by the State versus local taxpayers, and, inasmuch as this recommendation would increase the property tax on some local taxpayers by 3%, I question the propriety of this committee to include this issue in its study - i.e., it's a taxing policy question more than a school funding question.

Dean Fritze

Recommendation No. 1 refers to making slight changes in the present Foundation Aid Formula. A major change is needed. At present the formula discriminates against the low-spending district.

Costs per pupil unit are equalizing among schools. Many low-spending school districts are rapidly becoming high-spending schools without a proportionate increase in Foundation Aid. For instance - a number of schools with 1500 pupil units vary in formula amount by over $100, and the Foundation Formula is not allowing the so-called low-spending school to meet the new obligations by increasing the formula figure fast enough.

Expenditures for one base year are determining expenditures for many schools for many years into the future. Because many schools spent a lot of dollars during the school year 1970-71, they can receive the maximum aid of $825 for 1974-75. Specifically speaking, both Blue Earth and Southland received $825 per pupil unit, or will receive, for 1974-75; Hayfield will receive $749. All three schools are the same size. Totally the difference in aid is over $100,000. To a school this size this is quite an inequity.

The present system does not meet the problem. If expenses are legitimate, then comparable schools with comparable programs should receive comparable aid.