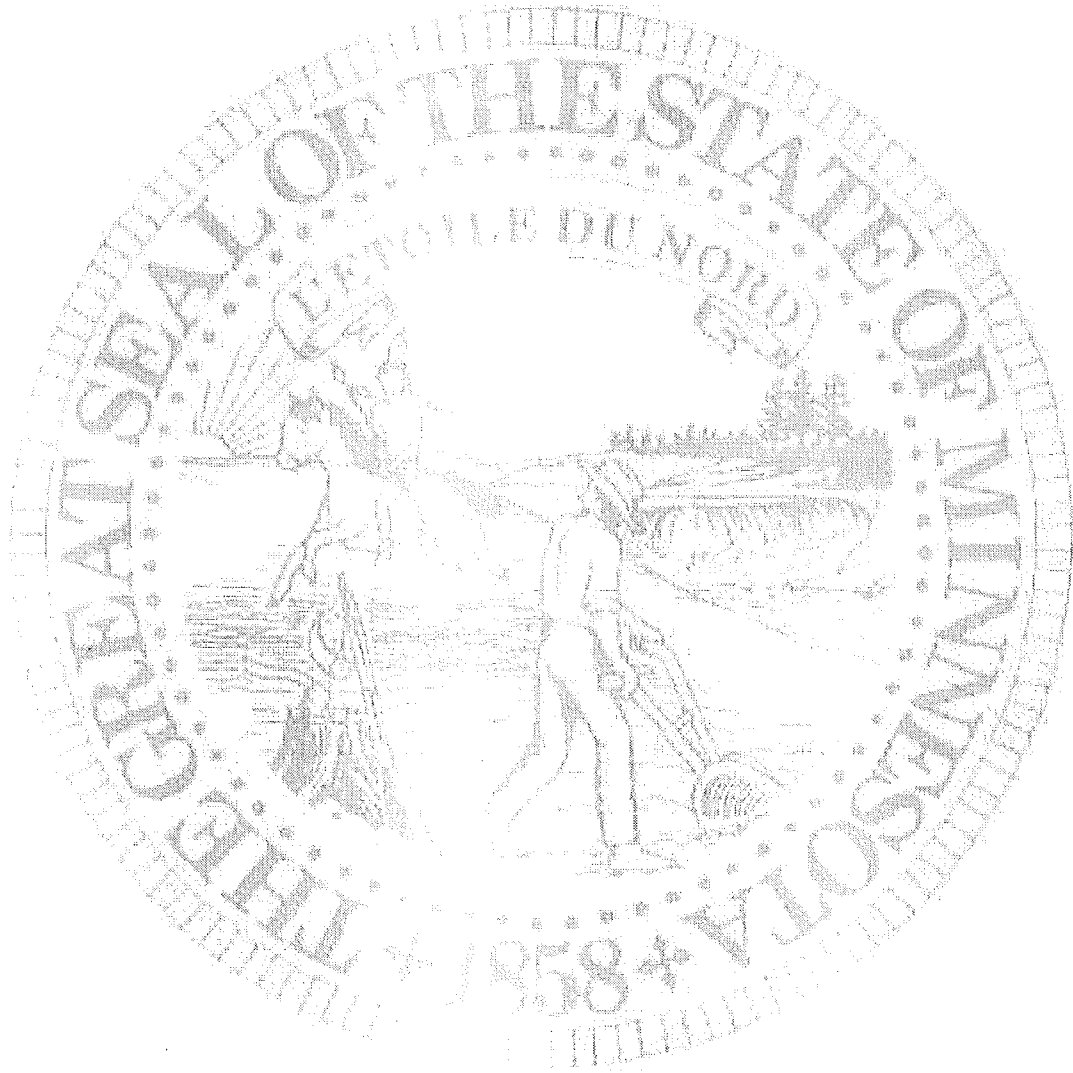


# **2003 Report on the Local Impacts of Public Education Funding in Minnesota**



**HOUSE DFL CAUCUS  
September, 2003**

## Overview

The Governor and House Republican leadership began the 2003 legislative session saying that education would be held harmless and that cuts to the classroom would not happen. However, the end result was cuts to public education. While they will argue that classroom programs were not cut, some were, and many school children and their families will feel the effects of the Legislature's efforts to balance the budget deficit.

Overall, education appropriations was reduced by \$622 million over the next two years -- \$184 million is savings as a result of the school district payment shift (which could cause some districts to rely on short-term borrowing), \$253 million in savings as a result of the property tax recognition shift, and \$185 million in actual funding reductions.

While the per-pupil formula, the backbone of education funding, was not reduced directly, other areas were.

- Districts receive additional funding based on the number of students who receive free and reduced price lunch (compensatory aid). This was reduced this by \$46 million.
- Special education was reduced \$70 million.
- Funding for area learning centers, and after-school and summer school classes was reduced by \$25 million.
- Funding for Limited English Proficiency students was reduced by \$12 million.

As a result of these cuts, school districts will look to local taxpayers to help address financially strapped budgets. Districts will receive some hold harmless revenue but eventually districts may have to go to the voters for a referendum in order to just maintain programming.

## LOCAL IMPACTS

### Albert Lea School District

The district has not had to make cuts for the 2003-2004 school year because it passed a \$1.25 million referendum last November. This allowed the district to offer all-day/every-day kindergarten.

As a result of the 2003 session, Albert Lea received \$264,000 less from the state legislature for FY04-05.

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Austin School District

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The district has made \$150,000 in cuts for the 2003-2004 school year. Positions eliminated included a full-time librarian, music teacher and a half-time music teacher. An excess levy referendum passed 2 years ago enabled the district to continue offering existing programs. The district will go to the voters this November for another excess levy. If that levy does not pass, the district will be forced to cut \$1.2 million from the budget for the 2004-2005 school year.

As a result of the 2003 session, Austin received \$245,000 less from the state legislature for FY04-05.

Bemidji School District

The district has made \$1.8 million in cuts for the 2003-2004 school year. This is in addition to \$4.1 million in cuts for the 2002-2003 school year. The district's annual budget is \$40 million. The district does not have an excess levy referendum -- one failed in 2001 and the district plans on having one on the ballot this November (approximately \$200 per pupil),

Over the last 2 school years, 33 teachers have been laid off in addition to other school staff. Two elementary schools have been closed and class sizes have been raised (at the middle school level class sizes are 38-41 students per class). The French program has been eliminated. There are several principals in the district who work in two different schools. The district has tried to eliminate a middle school music teacher but the parents have been opposed. The parents are now fundraising to keep that teacher.

As a result of the 2003 session, Bemidji received \$748,000 less from the state legislature for FY04-05.

Duluth School District

Duluth Public Schools announced that it will lay off 20 teachers. This is in addition to a decision in May to fire or not renew the contracts of 75 teachers. In June, the district cut \$2.8 million, increased revenues by \$829,000 and used \$1.5 million of reserves just to balance the 2003-04 budget. The new projected budget shortfall for the 2004-2005 school year increased to \$6.2 million from \$5.3 million. District estimates indicate that closing several elementary schools and closing two Duluth high schools, which would in turn become middle schools, would save about \$2 million.

District administrators have recommend closing Grant Magnet school and Chester Park Elementary Lab by 2004-05, closing Denfeld High School by 2005-06 and East High School by 2009-10. School Board Members will vote in September whether to ask local taxpayers to increase taxes by \$2.2 million to help schools remain open and maintain programming at existing levels.

As a result of the 2003 session, Duluth received \$850,000 less from the state legislature for FY04-05.

#### Mankato School District

The district has not had to make cuts for the 2003-2004 school year because of a successful referendum and \$2.8 million in cuts in the 2002-2003 school year. However, the financial outlook for the 2004-2005 school year remains uncertain.

As a result of the 2003 session, Mankato received \$296,000 less from the state legislature for FY04-05.

#### Minneapolis School District

The Minneapolis Public Schools are planning to lay off the largest number of teachers in recent memory in order to fill a deficit in excess of \$28 million, or 6% of its operating budget. School officials say the cuts to the operating budget are in part because they're getting less money overall from the state in 2003-04 than they did for the past school year. As of this summer, the school district has laid off 560 teachers or 9% of their teaching force--100 of which had many years of experience and were tenured. The district also has laid off 80 school aides, clerical workers and paraprofessionals and 50 central office staff members. The cuts to teachers will result in increased class sizes, about three more students per grade, except for third grade. The district will also close an elementary school and is seeking a wage freeze for all employees. The district also cut \$4 million from its transportation budget for the 2002-03 school year - cuts that translated into longer walking distances for high school students.

As a result of the 2003 session, Minneapolis received \$14 million less from the state legislature for FY04-05.

#### Moorhead School District

The district has not had to make cuts this year because the district made \$2 million in cuts over the last 4 years (resulting in laying off 300 FTEs). The district does not have plans for a future referendum.

As a result of the 2003 session, Moorhead received \$636,000 less from the state legislature for FY04-05.

#### Owatonna School District

The Owatonna Public schools successfully passed a \$680 per student levy referendum in November 2002. If that levy had not passed, the Owatonna Public schools would have faced a \$4 million budget deficit for the 2003-04 school year. Even though the levy will keep the district in the black for the next two years, the Superintendent predicts future budget deficits will occur if the legislature does not increase funding. Even with the successful passage of the excess levy referendum, athletic fees for the Owatonna schools have increased this year, and are reviewed on an annual basis.

As a result of the 2003 session, Owatonna received \$89,000 less from the state legislature for FY04-05.

### Park Rapids School District

The district made \$700,000 in cuts for the 2003-2004 school year. This is in addition to \$2.4 million in cuts over the last 3 years. The district is currently in statutory operating debt.

A referendum will be held this November. The amount is not yet finalized but it will be approximately \$350-\$375 per pupil. If the referendum fails, the district will have to make \$600,000 in cuts per year for 5 years (which is required as part of the district's plan to get out of statutory operating debt).

Ten positions were cut in the 2003-2004 school year – layoffs ranged from teachers, administrative staff, bus drivers to paraprofessionals.

Class sizes have increased as a result. At the high school level, the class size is approximately 40:1; at the middle school level, the class size is approximately 30-33:1; and at the elementary level the class size is approximately 25-30:1.

As a result of the 2003 session, Park Rapids received \$149,000 less from the state legislature for FY04-05.

### Proctor School District

Proctor-Hermantown schools faced a roughly \$400,000 budget deficit for 2003-04. Five positions were discontinued in March as the Board trimmed \$204,976 in the first phase of budget reductions. The second phase also saved the district an additional \$197,347 by cutting 8 more positions.

This is the third straight year the School Board has had to make cuts. Cuts in education at Proctor since 2001 have amounted to \$1,735,000.

The amount of budget adjustments for educational programs, positions and services total \$2.2 million since the 2000-01 school year.

Last year, \$400,000 in cuts came from classroom teachers; \$200,000 in licensed and non-licensed student support positions; \$100,000 in building support personnel; \$80,000 from administrative savings; and \$30,000 in extracurricular cost reductions.

As a result of the 2003 session, Proctor received \$38,000 less from the state legislature for FY04-05.

### Rochester School District

The district projects a \$1.6 million shortfall for 2004-05 and a \$5.7 million deficit in the 2005-06 school year due to flat funding from the state. The School Superintendent warned that the property-tax levy might increase next year as a result of shifting costs from the state to local districts.

In June, \$1.7 million in budget cuts were made. The reductions included eliminating four positions in the district's technology support services department in 2003.

Three Rochester elementary schools are on a watch list because they're not making sufficient yearly progress under new federal "no child left behind" accountability guidelines. Students at the schools tested low in the math or reading standards.

As a result of the 2003 session, Rochester received \$1 million less from the state legislature for FY04-05.

#### St. Cloud School District

The district has made \$4 million in cuts for the 2003-2004 school year. This is in addition to \$6 million in cuts in 2002-2003. 91 teachers were laid off as well as 8 custodians, 9 food service employees and several paraprofessionals. In addition to layoffs, 3 elementary schools were closed. As a result of these cuts, class sizes have increased.

The district has attempted to pass a referendum the past two years, each have failed. There is a referendum this fall in which the district is asking for \$5.7 million.

As a result of the 2003 session, St. Cloud received \$2 million less from the state legislature for FY04-05.

#### St. Paul School District

The St. Paul school district has cut \$35 million over the last three years. Overall, approximately 400 teaching positions have been laid eliminated. The district anticipates substantial, yet undetermined cuts in FY05.

As a result of the 2003 session, St. Paul received \$8.5 million less from the state legislature for FY04-05.

#### South St. Paul School District

South St. Paul Public Schools laid off seven elementary teachers, in addition to cutting a art specialist and a music specialist. Ten high school instructors were also laid off for the 2003-2004 school year in addition to five administrative personnel. There are fewer electives offered to students, as well as a doubling of participation fees for all extra-curricular programs. According to the school district, there will basically be no district provided bus transportation for students who live within a two mile radius of their school except for special needs cases. Overall the district has made over \$1.5 million in cuts for 2003-04.

As a result of the 2003 session, South St. Paul received \$701,280 less from the state legislature for FY04-05.

### Stewartville School District

The district cut \$300,00 in the 2003-2004 school year. In May 2003, due to budget constraints, the Stewartville School Board accepted recommendations to terminate the contracts of 5 teachers, including 1 full-time teacher, whose contracts were to expire.

The district is looking at moving \$100,000 from its reserve. The district is also considering a referendum this fall. The district did pass a referendum (\$200 per pupil) in 2001. Activity fees have increased by 30%.

As a result of the 2003 session, Stewartville received \$14,000 less from the state legislature for FY04-05.

### Willmar School District

The district has not had to make cuts for the 2003-2004 school year because of a successful \$2 million referendum and \$1.8 million in cuts for the 2002-2003 school year. The district made a pledge to the public that if the referendum on last November's ballot passed there would be no cuts in the 2002-2003 and 2003-2004 school years. If no additional revenue is provided by the state, cuts will be necessary in the future.

As a result of the 2003 session, Willmar received \$619,000 less from the state legislature for FY04-05.

### Winona School District

The district has made \$1.7 million in cuts for the 2003-2004 school year (in addition to \$2 million in cuts 3 years ago). The budget is still not in balance – the district must still make \$600,000 in cuts. The overall budget is \$40 million.

The district reduced all-day/every-day kindergarten to 4 days. The maintenance budget was reduced from \$300,000 to \$20,000 so many problems go unrepaired. Staff reductions were done through attrition. The district will be closing Dakota School next year.

There are no plans for a referendum this fall.

As a result of the 2003 session, Winona received \$493,000 less from the state legislature for FY04-05.