

Minnesota

by Larry Maloney

Summary and Highlights

This snapshot examines the revenue sources and funding levels for district public schools and charter schools in Minnesota and, in particular, Minneapolis and Saint Paul, during the 2006-07 school year (Figure 1).¹

In the following figures, the statewide values show how much per pupil funding districts in the state received compared to how much charter schools received per pupil. The statewide values weighted for charter enrollment adjust these figures to account for the fact that some districts enroll more charter students than others and the district PPR varies between districts. The weighted values estimate how much more or less per pupil funding charter schools received compared to the funding

Figure 1: District and Charter School Revenues and Enrollments

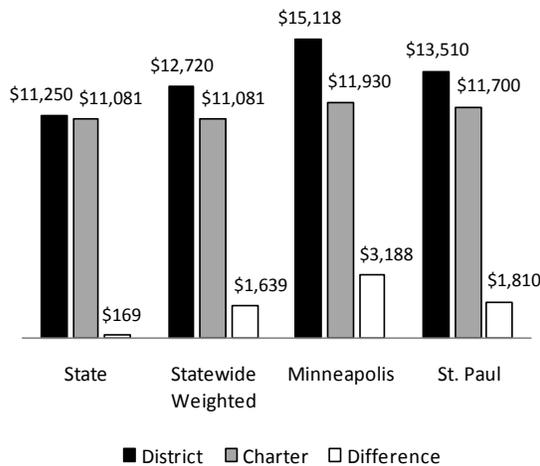
Minnesota (2006-07)	Statewide		Statewide Weighted for Charter Enrollment		Minneapolis		St. Paul	
Per pupil Revenue								
District	\$11,250		\$12,720		\$15,118		\$13,510	
Charter	\$11,081		\$11,081		\$11,930		\$11,700	
Difference	(\$169) (1.5%)		(\$1,639) (12.9%)		(\$3,188) (21.1%)		(\$1,810) (13.4%)	
Per pupil Revenue by Source	District	Charter	District	Charter	District	Charter	District	Charter
Federal	\$617	\$1,039	\$1,080	\$1,039	\$1,729	\$1,211	\$1,453	\$976
State	\$7,657	\$9,430	\$8,646	\$9,430	\$9,750	\$9,911	\$9,772	\$10,216
Local	\$2,467	\$489	\$2,689	\$489	\$3,462	\$781	\$2,328	\$453
Other	\$658	\$129	\$535	\$129	\$475	\$34	\$306	\$56
Indeterminate	(\$149)	(\$5)	(\$230)	(\$5)	(\$299)	(\$7)	(\$349)	\$0
Total	\$11,250	\$11,081	\$12,720	\$11,081	\$15,118	\$11,930	\$13,510	\$11,700
Enrollment								
District	814,733 97.2%		N/A N/A		39,479 85.6%		42,380 87.9%	
Charter	23,816 2.8%		N/A N/A		6,639 14.4%		5,831 12.1%	
Charter Schools	129		N/A		29		27	
Total Revenue								
District	\$9,166,124,953 97.2%		N/A N/A		\$596,837,261 88.3%		\$572,545,285 89.4%	
Charter	\$263,915,763 2.8%		N/A N/A		\$79,205,785 11.7%		\$68,226,474 10.6%	
Total	\$9,430,040,716		N/A		\$676,043,047		\$640,771,759	
Percentage of Revenue by Source	District	Charter	District	Charter	District	Charter	District	Charter
Federal	5.5%	9.4%	8.5%	9.4%	11.4%	10.2%	10.8%	8.3%
State	68.1%	85.1%	68.0%	85.1%	64.5%	83.1%	72.3%	87.3%
Local	21.9%	4.4%	21.1%	4.4%	22.9%	6.5%	17.2%	3.9%
Other	5.9%	1.2%	4.2%	1.2%	3.1%	0.3%	2.3%	0.5%
Indeterminate	(1.3%)	0.0%	(1.8%)	0.0%	(2.0%)	(0.1%)	(2.3%)	0.0%
Change in district school funding if subjected to charter funding structure								
	(\$137.7 million)				(\$125.8 million)		(76.6 million)	

district schools would have received to educate the same students. (See Methodology for details.)

Highlights of Our Findings

- The 129 charter schools in Minnesota received, on average, \$11,081 per pupil, compared to \$11,250 per pupil for district schools, a difference of \$169 or 1.5 percent.
- Minnesota charter schools received \$11,081 per pupil, but district schools would have received an estimated, \$12,720 to educate the same students – a difference of \$1,639 or 12.9 percent. Weighting the district PPR for charter enrollment therefore increases the funding disparity by \$1,470 from the statewide difference above.

Figure 2: Per Pupil Total Revenue for Minnesota District vs. Charter Schools, FY 2006-07



- The 29 charter schools in Minneapolis received, on average, 21.1 percent less funding than district schools: \$11,930 vs. \$15,118 per pupil, a difference of \$3,188.
- The 27 charter schools in Saint Paul received, on average, 13.4 percent less funding than district schools: \$11,700 vs. \$13,510 per pupil, a difference of \$1,810.
- Minnesota charters served 2.8 percent of the state’s student population and received 2.8 percent of the total revenue.

Primary Reasons for Funding Disparities

Minnesota district schools receive excess levy referendum revenues for operations from local property taxes that are not available to charter schools. In FY 2006-07, approximately 10 percent (\$1,469 per pupil) and 8.5 percent (\$1,148 per pupil) of total district revenues came from these sources in Minneapolis and Saint Paul, respectively, driving the charter shortfall in those two cities.

How Minnesota Funds Its District Schools

Minnesota public schools are funded using a formula that provides a base amount derived from an Adjusted Marginal Cost Pupil Unit (AMPCU). In 2006-07 (FY 2006-07), district public schools and charter schools received an AMPCU amount of \$4,974 per pupil. District and charter schools also received additional revenue based on multiples of the AMPCU amount for students who met certain criteria for basic skills, sparsity, transportation, training, operating capital, equity, and referendums.²

How Minnesota Funds Its Charter Schools

Charter schools receive 100 percent of operations funding based on the average state per pupil (AMPCU) revenue. As part of the funding formula, charter schools also receive state funding based on the statewide average property tax amount to compensate for the lack of access to local revenues. However, this calculation does not factor in voter-approved local excess levy referendums that enable district public schools to raise additional revenue through property taxes that are not shared with charters. The state provides limited equalization money to charters to offset this, but this provision does not completely resolve the disparity in certain districts like Minneapolis and Saint Paul.

Charter schools do not, however, have access to additional local revenue from property taxes or bond measures. The state provides limited equalization money to charters to offset this, but the provision does not completely resolve the

disparity in certain districts like Minneapolis and Saint Paul.

Figure 3: State Charter School Policies

State Policies	Yes	No	Partial
Charter schools receive their funding directly from the state	X		
Charter schools are eligible for local funding			X ³
Cap on funding a charter school can receive		X	
District public schools receive differential funding (e.g. more funding for 9-12 vs. K-8 schools)	X		
Charter schools receive differential funding	X		
State allows district to withhold funding from charter schools for providing administrative services		X	
State "holds harmless" district funding for charter enrollment		X	
School is considered LEA if authorized by non-district organization	X		
School is considered LEA if authorized by district	X		
Cap on number of charter schools		X ⁴	
Cap on number of charter schools authorized per year		X	
Cap on number of students attending charter schools		X	
Charter schools have an open enrollment policy	X		

Facility Funding

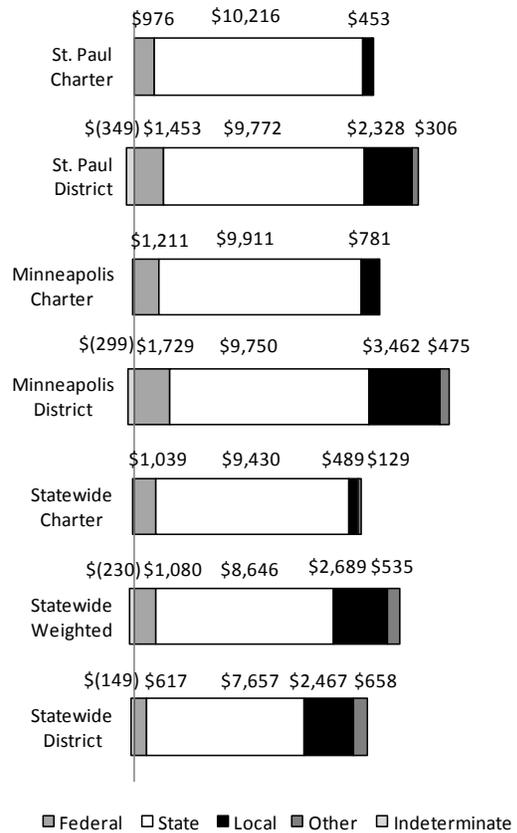
Minnesota provides facilities assistance to charter schools using state grants for facility improvements and lease aid in the amount of 90 percent of lease costs, up to \$1,200 per pupil. For FY07, the state awarded \$28.2 million toward this program.

Primary Sources of Revenue for Minnesota's Public Schools

District and charter schools received the majority of their revenue from state education dollars and local property taxes. These two sources accounted for approximately 90 percent of school revenues.

In Minnesota, 100 percent of state operations funding followed students regardless of where he or she enrolled – district or charter school.

Figure 4: Per Pupil Revenue by Source for Minnesota District vs. Charter Schools, FY 2006-07



Charter schools in Minnesota received more revenue from federal and state sources than district schools. This is largely due to the fact that charter schools served a greater portion of at risk and/or disadvantaged students than district schools (Figure 4). However, district public schools in Minneapolis and Saint Paul received \$1,469 and \$1,148 per pupil, respectively in local property tax revenue that was not available to charters. This is the principal reason for the

funding disparity between district public schools and charter schools (Figure 4).

Differences between the student populations of charter and district public schools appear to explain why charters received more in state and federal funding than districts received. Statewide, more than half of charter school students were eligible for free or reduced price lunch, a poverty indicator that qualifies schools for additional grant revenue, while less than a third of district students were eligible. Similarly, more charter schools statewide were Title 1 eligible than district schools – nearly one half of charters compared to one third of district schools (Figure 5).⁵

However, districts received more funds to provide services to special education students than the charter schools in the state.

Figure 5: School Characteristics

Minnesota (2006-07)	Statewide District	Statewide Charters
Percentage of students eligible for free or reduced price lunch	30.2%	53.3%
Percentage of schools eligible for Title I	33.2%	49.7%
Percentage of students by school type:		
Primary (K-5)	45.2%	50.4%
Middle (6-8)	18.4%	7.1%
High (9-12)	33.4%	27.0%
Other (K-12, K-8, etc.)	2.9%	15.6%

State Scorecard

We have assigned ratings to each state based on the quality of data available, as well as the extent to which charter schools have access to specific streams of revenue (Figure 6).

In Figure 6, we judged “Data Availability” on the ease of access to the information needed for this study and others like it. A rating of “Yes” means that all information was available through web sources or that it was provided upon request by

Figure 6: State Scorecard

Findings		MN
Federal Funding	Charters have access to federal funds according to state statutes (Yes = black, No = white)	Y
	Percentage of federal revenue is <i>greater than</i> (> black), <i>equal to</i> (=; black), or is <i>less than</i> (< white) that of total enrollment for charter schools	>
State Funding	Charters have access to state funds according to state statutes (Yes = black, No = white)	Y
	Percentage of state revenue is <i>greater than</i> (> black), <i>equal to</i> (=; black), or is <i>less than</i> (< white) that of total enrollment for charter schools	>
Local Funding	Charters have access to local funds according to state statutes (Yes = black, No = white)	Y
	Percentage of local revenue is <i>greater than</i> (> black), <i>equal to</i> (=; black), or is <i>less than</i> (< white) that of total enrollment for charter schools	<
Facilities Funding	Charters have access to facilities funds according to state statutes (Yes = black, No = white)	Y
	Percentage of facilities revenue is <i>greater than</i> (> black), <i>equal to</i> (=; black), or is <i>less than</i> (< white) that of total enrollment for charter schools	N/A
Data Availability	State provides detailed, public data on federal, state, local, and other revenues for district schools (Yes = black, Partial = grey, No = white)	Y
	State provides detailed, public data on federal, state, local and other revenues for charter schools (Yes = black, Partial = grey, No = white)	Y
Funding Formula	Charters are treated as LEAs for funding purposes (Yes = black, Partial = grey, No = white)	Y
	State funds student (black) or the LEA (grey)	S
	State funding formula is fair and equitable (Yes = black, No = white)	N

state departments of education. A rating of “Partial” means some but not all of the data for this study were available either through web sources or through state departments of education. A rating of “No” means the data were not available either through web sources or through state departments of education.

Separately, we judged “Funding Formula” based on whether or not charters were considered Local Education Agencies for purposes of funding. “Yes” means that charters in the state are always considered LEAs for all forms of funding. “Partial” means that charters are sometimes considered LEAs for specific streams of funding (such as federal revenue) or that only certain charters are considered to be LEAs. “No” means charters in the state are never considered an LEA for funding purposes. A state received a rating of fair and equitable funding if charters received fair and equitable revenue in all four revenue streams listed.

Similar methods were applied to ratings for federal funding, state funding, local funding, and facilities funding.

Endnotes

¹ Data provided by the Minnesota Department of Education (MDE) Program Finance Division via the MDE website were analyzed for district public schools and charter schools across the State and within Minneapolis School District #1 and Saint Paul School District #625 for 2006-07 (FY 2006-07). Revenue data for 2006-07 are available through the MDE at http://education.state.mn.us/MDE/Accountability_Programs/Program_Finance/Financial_Management/School_District_Financial_Profiles/index.html

² For more information about each of the funding programs please visit http://www.ncsl.org/programs/educ/ed_finance/index.cfm#test

³ Charter schools receive funding equal to the statewide average property tax amount and a minimal amount of additional equalization funding to offset the fiscal impact of district excess levy referenda. However, these additional revenues do not address the disparity in local funding between charter schools and district schools in areas like the Twin Cities.

⁴ Minnesota allows the State Department of Education, public and private universities and community colleges, non-profit organizations with assets of at least \$2 million, and local public school districts to sponsor an unlimited number of schools with an initial charter term of up to three years.

⁵ Figures from the Common Core of Data, 2007. Available online at <http://nces.ed.gov>