Minnesota Department of
Education

School Finance Division
February 2, 2012

At the request of Integration Task Force member Bob Erickson, School Finance Division staff costed out the following changes in the Integration Revenue Formula:

1) Reduce funding for Duluth from $206/PU to $129/PU (the current rate for suburban districts in the program with > 15% students of color)
2) Add a new funding rate of $206 / PU for districts in the program, other than Minneapolis & St Paul, with > 50% students of color. Currently, that would include Columbia Heights, Richfield, Brooklyn Center and Worthington. We also did a variation including Osseo and Robbinsdale, which are very close to 50% but not quite there as of October 2011.
3) Provide an additional $200,000 to MDE for program administration, focusing on accountability.
4) Reduce integration revenue formula to offset the net cost of changes 1, 2 and 3 above, so that state total revenue, aid and levy are unchanged as a result of items 1-4, with two variations:
    a. Reduce the rate only for Minneapolis & St Paul.
        i. When Osseo and Robbinsdale are excluded, this would be a $4 reduction (from $445 to $441).
        ii. When Osseo and Robbinsdale are included, this would be a $40 reduction (from $445 to $405).
    b. Reduce rates proportionately for all districts in the program.
        i. When Osseo and Robbinsdale are excluded, rates would change roughly as follows:
            1. $445 to $443
            2. $206 to 205
            3. $129 to $128
            4. $92 to $91
        ii. When Osseo and Robbinsdale are included, rates would change roughly as follows:
            1. $445 to $431
            2. $206 to $199
            3. $129 to $124
            4. $92 to $89

5) Add a $35/PU all levy component on top of the regular formula for St Paul, equivalent to what Minneapolis currently receives.
6) The changes would be phased-in, with partial implementation in FY 14 and full implementation in FY 15.
7) Language would be added to the law limiting the percent of funding for administration to 5% (current MDE guideline is 10%), and limiting the percent for training to 20% (current Mde guideline is 30%).

A spreadsheet summarizing the fiscal impact of the Erickson proposal is attached.

Integration: Four options

Integration Alternatives
2/2/2012

This analysis considers only initial revenue based on designated allowances per adjusted pupil unit (APU).
It does not consider the extra $35 per APU of levy authority for Minneapolis, or revenue reductions associated with budget limits, or adjustments for alternative attendance.
Pupil units are based on districts' projections as used for the November 2011 state budget forecast, without adjustments for consistency with projected state pupil totals.

All revenues shown here are 70% state aid and 30% property tax levies.

Option 1a reduces the allowance for Duluth from $206 to $129, increases the allowances for four other districts with minority portions of at least 50% from $129 to $206, and reduces the allowances for Minneapolis and St. Paul by the amount needed to make the entire package revenue neutral.

Option 1b differs from option 1a by spreading the necessary revenue reductions among all participating districts, rather than targeting just Minneapolis and St. Paul.

Option 2a differs from option 1a in two ways: it extends the allowance increase to two more districts, and correspondingly decreases the allowances for Minneapolis and St. Paul to maintain revenue neutrality.

Option 2b differs from option 2a by spreading the necessary revenue reductions among all participating districts, rather than targeting just Minneapolis and St. Paul.

These options do not address the generation of $200,000 to increase MDE oversight.

		A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
		APU	$/APU Current	$/APU Option 1a	$/APU Option 1b	$/APU Option 2a	$/APU Option 2b	Revenue Current = A X B	Revenue Option 1a = A X C	Revenue Option 1b = A X D	Revenue Option 2a = A X E	Revenue Option 2b = A X F	Revenue Change Option 1a = H-G	Revenue Change Option 1b = I-G	Revenue Change Option 2a = J-G	Revenue Change Option 2b = K-G
GRAND TOTAL		619,709	n/a	n/a	n/a	n/a	n/a	99,061,133	99,061,133	99,061,133	99,061,133	99,061,133	0	0	0	0
TOTAL, MPLS, ST PAUL, DULUTH		90,499	n/a	n/a	n/a	n/a	n/a	37,895,629	36,826,104	37,016,447	33,936,793	35,970,506	-1,069,525	-879,182	-3,958,836	-1,925,123
TOTAL, NEXT 6 DISTRICTS		51,413	n/a	n/a	n/a	n/a	n/a	6,632,335	7,701,860	7,678,305	10,591,171	10,260,428	1,069,525	1,045,970	3,958,836	3,628,093
TOTAL, ALL OTHERS		477,797	n/a	n/a	n/a	n/a	n/a	54,533,169	54,533,169	54,366,381	54,533,169	52,830,199	0	-166,788	0	-1,702,970
1	3 MINNEAPOLIS PUBLIC SCH(	37,391	445.00	441.23	443.64	405.36	431.10	16,638,902	16,497,841	16,588,012	15,156,739	16,119,299	-141,060	-50,889	-1,482,162	-519,602
625	1 ST. PAUL PUBLIC SCHOOL D	43,165	445.00	441.23	443.64	405.36	431.10	19,208,443	19,045,599	19,149,694	17,497,391	18,608,599	-162,844	-58,748	-1,711,052	-599,844
709	1 DULUTH PUBLIC SCHOOL D	9,943	206.00	129.00	128.61	129.00	124.97	2,048,285	1,282,664	1,278,741	1,282,664	1,242,609	-765,621	-769,544	-765,621	-805,676
13	1 COLUMBIA HEIGHTS PUBLI(	3,421	129.00	206.00	205.37	206.00	199.57	441,362	704,810	702,655	704,810	682,801	263,449	261,293	263,449	241,439
280	1 RICHFIELD PUBLIC SCHOOL	4,982	129.00	206.00	205.37	206.00	199.57	642,659	1,026,261	1,023,122	1,026,261	994,213	383,602	380,464	383,602	351,554
286	1 BROOKLYN CENTER SCHOO	2,354	129.00	206.00	205.37	206.00	199.57	303,693	484,967	483,484	484,967	469,823	181,274	179,791	181,274	166,130
518	1 WORTHINGTON PUBLIC SC	3,132	129.00	206.00	205.37	206.00	199.57	404,089	645,289	643,315	645,289	625,138	241,200	239,227	241,200	221,049
279	1 OSSEO PUBLIC SCHOOL DIS	23,670	129.00	129.00	128.61	206.00	199.57	3,053,371	3,053,371	3,044,032	4,875,925	4,723,659	0	-9,339	1,822,555	1,670,288
281	1 ROBBINSDALE PUBLIC SCH(	13,854	129.00	129.00	128.61	206.00	199.57	1,787,162	1,787,162	1,781,696	2,853,918	2,764,795	0	-5,466	1,066,756	977,633
ALL OTHERS CURRENTLY AT $92		191,962	92.00	92.00	91.72	92.00	89.13	17,660,545	17,660,545	17,606,531	17,660,545	17,109,039	0	-54,014	0	-551,506
ALL OTHERS CURRENTLY AT $129		285,834	129.00	129.00	128.61	129.00	124.97	36,872,623	36,872,623	36,759,850	36,872,623	35,721,159	0	-112,774	0	-1,151,464

AMSD Position on School Integration

The Association of Metropolitan School Districts urges the Governor and Legislature to reform the Integration Revenue Program using the recommendations developed by the Integration Revenue Replacement Task Force to enhance integrated and equitable learning opportunities for all students.

- Integrated and equitable learning environments enhance achievement for ALL students and prepare them to succeed in the 21st century global, multicultural world in which they will live.
- Teacher effectiveness is increased with cultural proficiency training and staff development.
- The Integration Revenue Program provides critical resources that allow school districts to provide magnet schools, cultural competency training for teachers and other inter-district collaborative interactions that increase student achievement in integrated learning environments.
- Local school boards should continue to have the flexibility to create the internal programs and partnerships that meet the unique needs of their students and communities.

BACKGROUND

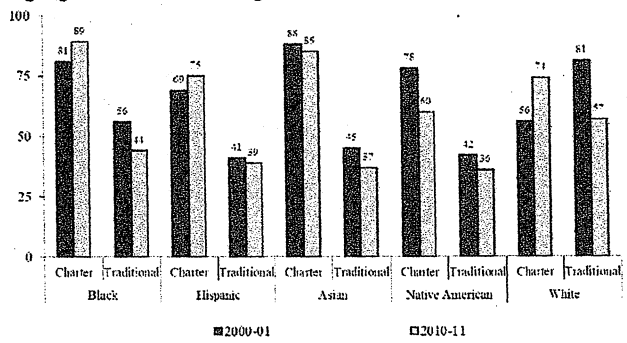
In 1972, in Booker v. Special School District 1, the U.S. District Court found that the Minneapolis schools were illegally segregated. The court ordered that no Minneapolis public school could have more than 35% minority students. In 1973, the Minnesota State Board of Education adopted a racial balance requirement known as the 15 percent rule. This rule prohibited a school from having a minority enrollment more than 15 percent higher than the district-wide average of minority students for the grades served by those schools.

Beginning in the 1980's, the state provided funding for the Minneapolis, St. Paul and Duluth school districts to assist with their integration efforts. In 1997, the legislature created the current Integration Revenue Program which made funding available to additional school districts to address integration issues. In 1999, the Minnesota Department of Education replaced the 15 percent rule with a new desegregation rule outlining eligibility criteria and requirements associated with a new Integration Revenue Program.

In November of 2005, the Office of the Legislative Auditor released an evaluation report of the Integration Revenue Program. The report made several recommendations including clarifying the program's purpose oversight of the program by the MN Department of Education. The legislature addressed a few of the issues raised in the report in 2009 including requiring MDE approval of the integration budgets for the school districts in the cities of the first class.

The 2011 education finance bill (Chapter 11), established an Integration Revenue Replacement Advisory Task Force charged with developing recommendations for "repurposing integration revenue funds to create and sustain opportunities for students to achieve improved educational outcomes."

Segregation Rates Among Charter and Traditional Schools



Source: Computed from Minnesota Department of Education data
"Segregated setting" is defined as non-white segregated schools for students of color and predominantly white schools for white students.

Source: Luce, Thomas. "Testimony to the Integration Revenue Taskforce." 20 Dec. 2011. Online PowerPoint. 25 Jan. 2012. <http://education.state.mn.us/MDE/Welcome/AdvBCT/IntegRevReplaceTaskForce/index.html>

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