

General education revenue program – unequal by design

General Education Revenue Program

The state's primary K-12 education funding program works in two ways:

- It provides the same baseline of funding to each district, and
- It also acknowledges that it costs more to educate some students than others and therefore provides additional funding based on each district's unique characteristics and circumstances.

The 14 components

The general education revenue program contains 14 revenue/aid components:

- basic education
- basic skills – compensatory and English learners
- extended time
- gifted and talented
- small schools
- declining enrollment
- local optional aid
- sparsity
- operating capital aid
- transportation sparsity
- equity
- transition
- pension adjustment
- options adjustments

The funds distributed through the program can seem unequal, and in fact, they are. Minnesota's general education revenue program was designed to distribute more money to some districts than others based on their unique characteristics and circumstances.

Figure 1: The program provides the same baseline funding through basic education and equalization funding, then adds additional funds to help districts where the cost of education is higher.

State equalization and high costs example

State will step in to equalize funding for students as well as provide additional support for higher costs

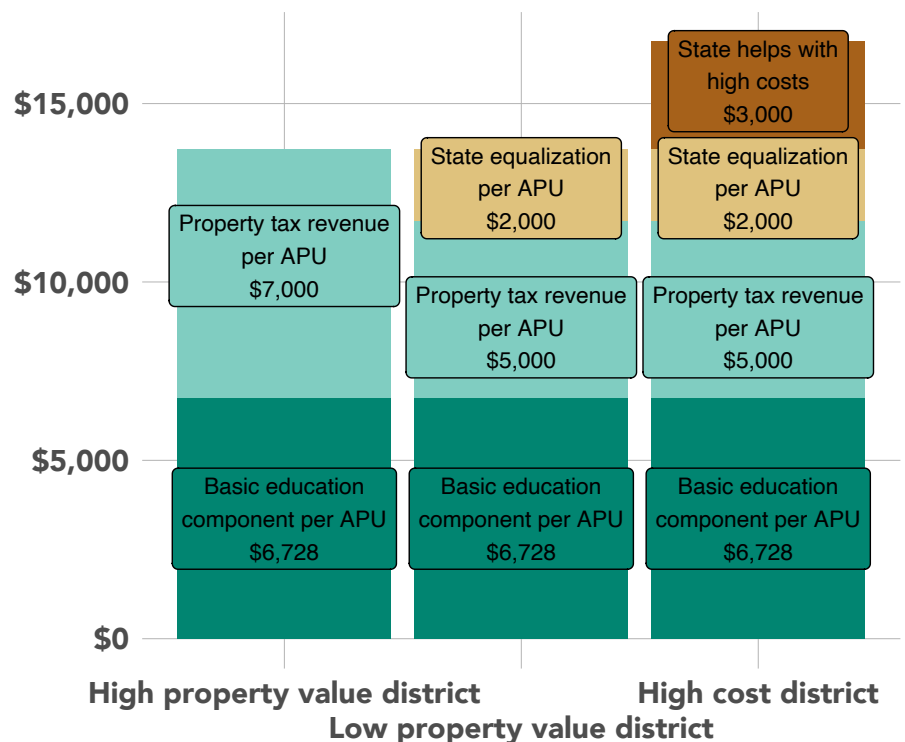


Figure 1: A representation of the general education revenue program.

Linked components provide majority of revenue to schools

The basic education component sets the baseline for funding. Four more components within the general education revenue program are linked to it (Figure 2). Together, these five components make up 85% to 99% of the revenue provided by the general education revenue program to districts across the state (Figure 3).

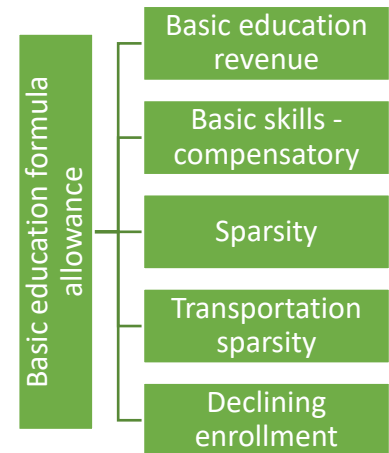


Figure 2: Four components are linked to the basic education formula allowance.

Basic education linked components as percent of total general education revenue

The highest percentages are in high property value districts such as the suburbs and lakes regions.

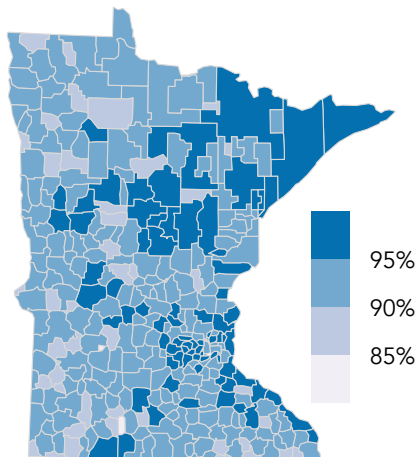


Figure 3: The five linked components represent nearly all of the funding provided by the general education revenue program.

Data: MN Department of Education

Unequal increases by design

A hypothetical 4% increase to the basic education formula allowance followed by four years of 3% inflationary increases produces varying increases for school districts. This is by design. Providing an education costs more in some districts than others due to socio-economic conditions, population density, property tax capacity and other factors (Figure 4).

Revenue per APU increase by Year 5

Highest dollar increase in total revenue per APU in northern and southwestern districts

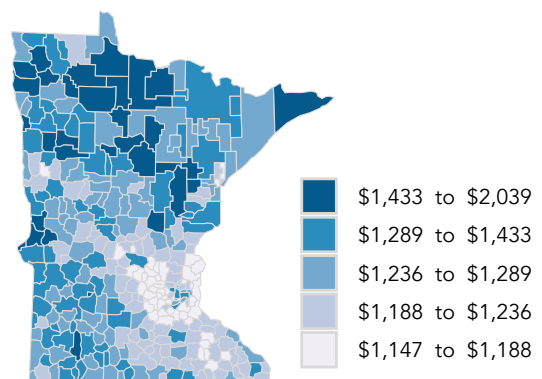


Figure 4: Data - MN Department of Education