

INTRO & SUMMARY

Whatever part of the state we live in; no matter where our families come from; white, Black, Brown; and Native or Immigrant, we all want the best for our kids. All Minnesotans benefit from an educated community and workforce, and we all suffer when any segment of our communities has unmet needs.

SECTION 1 examines how state aid for education has not kept up with inflation. Minnesota now provides thousands of dollars less per student than it did in 2003 for the funding streams that are intended to close the achievement gap between lower income and wealthier students and students of color and their white counterparts.¹

To examine these cuts and their impact, this report looks at four state funding streams:

- **Basic General Education Revenue** establishes the minimum level of funding for school districts.
- **Extended Time Revenue** funds learning programs outside regular school hours, such as after-school, on week ends, or during the summer.
- **Compensatory Revenue** is for programs such as remedial reading or math or all-day kindergarten and is based on the number of low-income students in the district.
- **English Learner (EL) Revenue** is used to provide instruction to students with limited English language proficiency.

While this reduction in funding has affected all school districts in Minnesota, this pain has not been felt equally. There are twenty-one school districts in Minnesota where students of color make up more than half of the student population.²

These 21 districts are receiving an average of \$1,573 less per student in real dollars than they would be if funding had kept up with inflation since 2003 for these four funding streams.³

Real state aid to these twenty-one districts is a total of \$305 million per year less than it would be if funding for these four programs had kept up with inflation

The Minneapolis and Saint Paul school districts have been hit the hardest. They are receiving a total of \$125 million a year less in real dollars than they would if funding for these equity-minded programs had kept up with inflation.

The 10 school districts that would receive the most additional per pupil state aid if funding had kept up with inflation for the Basic General Education, Extended Time, Compensatory, and English Learner programs.					
School District	Percentage of Student Body			Additional Amount	
	Students of Color	English Language Learners	Free & Reduced-Price Lunch Eligible	Per Student	Total Per Year
Brooklyn Center	82.3%	19.5%	74.8%	\$1,783	\$4.6 Million
Columbia Heights	82.1%	30.2%	73.2%	\$1,768	\$6.6 Million
Cass Lake	93.2%	0%	77.4%	\$1,757	\$2.3 Million
Saint Paul	78.7%	29.1%	66.3%	\$1,744	\$67.2 Million
Red Lake	99.8%	0%	78.5%	\$1,684	\$2.8 Million
Willmar	61.1%	25.9%	62.8%	\$1,675	\$7.8 Million
Worthington	67.9%	31.4%	63.2%	\$1,673	\$7.0 Million
Minneapolis	63.1%	19.0%	55.4%	\$1,639	\$58.4 Million
Fairbault	56.6%	23.5%	62.6%	\$1,632	\$6.1 Million
St. Cloud	56.6%	23.6%	62.2%	\$1,626	\$17.8 Million

¹ Adjustments for inflation are based on the Implicit Price Deflator for State and Local Government Purchases.

² 2019-2020 Enrollment data from the Minnesota Department of Education

³ Throughout this report, "real dollars" is used to refer to an amount of money adjusted for inflation

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SECTION 2 examines Minnesota school districts that have seen dramatic changes in the demographics of their student population since 2003, while at the same time, the funding for programs designed to meet students' needs decreased. These districts require additional resources to properly serve their students, but state funding has not kept up with the need.

- In 2003, there were five school districts where students of color made up more than half of the total students. Today, there are twenty-one districts.
- The number of English Learner students in the St. Cloud public schools today is four times greater than it was in 2003, and the number of English Learners in the Austin public schools today is three times greater than in 2003.

Cuts in real dollars have hurt all Minnesota kids. Additionally, the kids who have the most to lose have been hurt the most. One way that this lack of resources can be seen is in **the increase in class sizes**. Smaller class sizes are needed in order to help low-income students and children of color improve academic achievement, yet:

- Class sizes in Saint Paul elementary schools have grown and are now an average of almost three students larger than they were in 2003-2004.⁴
- The disparities in class sizes persist between school districts, as districts with the largest percentages of low-income students, such as Saint Paul, Columbia Heights, and Fridley, have bigger class sizes than wealthy districts, such as Minnetonka.

SECTION 3 looks at how we can raise the needed revenue in Minnesota to meet the needs of students of color in our public schools.

The economic pain of the COVID-19 crisis has not been felt equally. While scores of Minnesotans are out of work and numerous small businesses have been forced to close, many of Minnesota's largest corporations enjoyed windfall profits.

For the first three quarters of 2020:

- **UnitedHealth Group** had almost \$3 billion more in profits compared to the same period in 2019⁵ because fewer people have sought non-essential care during COVID-19.⁶
- **General Mills** made \$715 million more in profits compared to the previous year,⁷ due to "elevated at-home food demand".⁸
- **Target** made \$600 million more in profits compared to the first three quarters of 2019⁹, thanks to its online sales and remote pickup options¹⁰

Stock prices of many Minnesota companies have soared since the pandemic started, increasing the wealth of those with investments in the stock market.

- **Target** and **Best Buy** stock prices have almost doubled since the pandemic started, going from \$101 to \$199 a share and \$61 to \$115 a share, respectively.¹¹

The huge increases in the stock prices of Minnesota-based corporations have produced millions of dollars in additional wealth for the CEOs, executives, and shareholders of these companies.

In Minnesota, if we want to address our education crisis, we must properly fund programs that will allow our most at-risk students to get the education that they deserve. There are many industries and individuals who are doing very well and are able to contribute funds to address this crisis. The state should raise taxes on those who can afford to pay more, such as large corporations and the wealthiest Minnesotans.

⁴ 2003-2004 and 2017-2018 Annual reports on class size to the Minnesota Legislature from the Metropolitan Educational Cooperative Service Unit (Metro ECSU)

⁵ "United Health Group Reports Third Quarter Performance," Press Release, Oct. 14, 2020

⁶ Major US Health Insurers Report Big Profits, Benefiting from the Pandemic," *New York Times*, Reed Abelson, August 5th, 2020

⁷ General Mills 2020 Annual Report to Shareholders

⁸ "General Mills Reports Strong Fiscal 2021 First-Quarter Results and Announces Dividend Increase," General Mills Press Release, Sept. 23, 2020

⁹ Target Corporation Reports Third Quarter Earnings," Press Release, Oct. 18, 2020

¹⁰ "Target Corporation Reports Second-Quarter Earnings," Target Press Release, August 19, 2020

¹¹ Prices per share as of March 12, 2020 and January 11, 2021



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Artwork By:
AMIR KHADAR