

SECTION III:

HOW TO IMPROVE OUR SCHOOLS

MONEY MAKES A DIFFERENCE

The Saint Paul Public Schools (SPPS) would receive an additional \$67.2 million a year in real dollars if funding had kept up with inflation since 2003 for Compensatory, Basic General Education, Extended Time, and English Learner programs. How could this money be used to serve SPPS students?

✓ EDUCATING THE WHOLE CHILD

As we work side by side with parents, families, and communities to better serve all Saint Paul children, we increasingly understand that our schools will only get better when we address the needs of the whole child, focusing not just on their minds, but their health, relationships, and environments.

When we focus on educating the whole child, our students benefit by developing noncognitive skills, including creativity, problem solving, and self-control. Also known as social and emotional learning, these noncognitive skills are linked to attaining higher academic gains. Investments in the structures and staffing needed to support whole child education have real and long-term, positive impacts on our children, including increased executive function, positive health indicators in adulthood, and higher rates of civic participation.

Nonetheless, our schools continue to underinvest in support staff at the peril of our education system and our children. For example, even though we know that appropriate school nurse staffing is related to better student attendance and academic success, SPPS continues to lack licensed nurses at every facility. Likewise, national studies have shown a reduction in violence in schools as well as an increase in timely graduation when districts increase the number of school social workers and psychologists. Yet, our ratio of school social workers and psychologists to students in SPPS remain under the recommended level.

For a total annual cost of \$17.3 million, the Saint Paul Public Schools could hire enough additional staff to have a full-time nurse and librarian at all its schools and to have ratios of staff to students that would be at the recommended levels for counselors, social workers, and psychologists⁴⁹:

- An additional 30 full-time counselors and 31 full-time social workers, which would give SPPS a ratio of 1 counselor and 1 social worker for every 250 students.
- 49 additional full-time psychologists for a ratio of 1 psychologist to 500 students.
- 24 additional full-time nurses, which would mean a full-time nurse at each SPPS school and each school would have no more than 750 students for every 1 nurse.
- 39 additional full-time librarians or media specialists, which would allow each SPPS school to have a full-time librarian or media specialist.

✓ SMALLER CLASS SIZES

Saint Paul students deserve a continued focus on small class sizes, which allows for better individualized instruction and foster stronger relationships between educators and students. Additionally, they lead to more frequent communications between teachers and families, building stronger relationships between families and the schools.

Studies tie lower student to teacher ratios to improved academic achievements and student developmental outcomes. These findings are especially true for low-income students and children of color.⁵⁰ Black students, in particular, have been shown to benefit from reduced class sizes in early grades, boosting academic achievement.⁵¹

For a total annual cost of \$7.1 million, the Saint Paul Public Schools could hire enough additional teachers so that all SPPS schools could have an average class size of:

- 20 or less students for kindergarten
- 22 or less students for grades 1-3
- 25 or less students for grades 4-5

⁴⁹Durlak, J. A., Weissberg, R. P., Dymnicki, A. B., Taylor, R. D., & Schellinger, K. B. (2011). The impact of enhancing students' social and emotional learning: a meta-analysis of school-based universal interventions. *Child Development*, 82(1), 405-432. 7 Allen-Meares, P., Montgomery, K. L., & Kim, J. S. (2013). School-based social work interventions: A cross-national systematic review. *Social Work*, 58(3), 253-262.

⁵⁰Research-Based Options for Education Policymaking," National Education Policy Center, William J Mathis, June 2016

⁵¹"Class Size Reduction: A Proven Reform Strategy," An NEA Policy Brief, 2017

⁵²Based on 2018 SPPS staffing and enrollment, using an average annual cost of \$100,000 for each position, including salary, health insurance, taxes and benefits.*

MONEY MAKES A DIFFERENCE

✓ ADVANCING AN AGENDA OF RACIAL EQUITY

Minnesota schools have some of the worst outcomes for students of color of any state in the country. From graduation rates to test scores, our students of color underperform their white peers. This is not just true in academics. Historically, our discipline policies have disproportionately impacted children of color – especially African-American boys. African-American children are suspended and expelled at much higher rates than their white counterparts. School suspensions increase the likelihood of a student dropping out of school, many times leading to arrest or contact with the justice system – a phenomenon known as the school to prison pipeline.

Restorative Practices programming in our schools focuses on repairing harm to relationships instead of assigning blame and punishment. The Restorative Practices model responds to challenging behavior through authentic dialogue, coming to understanding, and making things right. In this way, Restorative Practices builds community.

For a total annual cost of \$9.5 million, the Saint Paul Public Schools could implement a Restorative Practices (RP) program at every SPPS school.⁵³

The current union contract with the district includes funding to increase the number of teachers of color by helping 10 Educational Assistants (EA) or School and Community Service Professionals each year become teachers by providing them paid leave to do their student teaching and a \$2,500 stipend to be used towards additional expenses.

For a total annual cost of \$1.1 million, SPPS could help 20 current BIPOC employees become teachers and could provide additional assistance to program participants.⁵⁴

The improvements listed above would require a total of \$33.2 million in additional annual funding – less than half of the \$67.2 million a year that SPPS would receive in state aid if funding had kept up with inflation since 2003 for Compensatory, Basic General Education, Extended Time, and English Learner programs.

MAXFIELD ELEMENTARY SCHOOL -- CASE STUDY

Students of color make up 95 percent of the students at Maxfield Elementary in Saint Paul. Nearly all (90 percent) of Maxfield's students qualify for free or reduced-price lunch. Eighteen percent of students receive special education services.⁵⁵

A report on the school noted that Maxfield had experienced a long-term problem of high staff turnover, which "produced a deeply troubled school with several layers of dysfunction." According to the evaluation, this instability "combined with long-standing underinvestment in the school to produce a climate that was not nearly the anchoring place of safety and learning that schools must be. This resulted in widespread misbehavior, at a school without enough staff to constructively address, which created yet another barrier to learning."⁵⁶

Maxfield received a School Improvement Grant (SIG) from the federal government, which provided three years of increased resources and allowed Maxfield to add teachers, paraprofessionals, and administrators, and to increase the availability of support staff – a nurse, counselor, and social worker. The school also made additional investments in technology and extended learning time.

An evaluation found that during the three-year grant period:

"[S]tudent behavior stabilized dramatically. Incidents of misbehavior dropped, and the responses to the remaining incidents were more thorough and constructive than was possible under the previous status quo. Staff and leadership turnover also stabilized. This increase in stability across multiple fronts allowed the principal and staff to use the additional professional development time funded by the SIG to begin an overhaul of curriculum and instruction."

The evaluation noted that the improvements quickly faded away when the grant ran out. Staffing was reduced, and student misbehavior increased. The staff reductions "forced the responses to misbehavior to narrow dramatically... Fewer students are receiving the support and social-emotional learning opportunities offered by the increased capacity" from the SIG.

The evaluation concluded that "there has not been enough investment in hiring and adequately compensating an appropriate number of trained adults in the full range of necessary positions...As Maxfield's experience demonstrates, it is critical for schools to have a staff large and qualified enough to support students in the ongoing social-emotional learning necessary for safe and healthy learning without persistent misbehavior."

⁵³Based on having 2 Restorative Practices staff at a cost of \$160,000 at 56 SPPS schools for a total cost of \$9 million and 5 Central Administrative staff (1 Director, 1 Professional Development director/trainer, 2 coaches, and 1 evaluator) for a total cost of \$500,000*

⁵⁴Based on total costs of \$53,000 for each participant (a \$5,000 stipend, \$24,000 for 4 months paid leave, and \$24,000 for substitutes)*

⁵⁵<https://www.spps.org/domain/8990>, accessed January 8, 2021

⁵⁶"Capacity, Context, and Community: Learning from school Improvement Policy at Maxfield Elementary," Michael Diedrich, unpublished

SOURCES FOR INCREASED REVENUE FOR EDUCATION

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 to addressing this crisis. The state should raise taxes on those who can afford to pay more, such as large corporations and the wealthiest Minnesotans.

Corporate Pandemic Profits

The COVID-19 crisis has left hundreds of thousands of Minnesotans out of work and forced many small businesses to close. Yet the pain of the pandemic has not been felt equally. Many of Minnesota's corporate titans have enjoyed staggering, windfall profits.

For the first three quarters of 2020:

- **UnitedHealth Group** reported astounding profits of \$13.2 billion, almost **\$3 billion more** in profits than during the same period in 2019.⁵⁷ UnitedHealth saved billions in medical claims because people have stayed away from doctors' offices and emergency rooms for fear of contracting COVID-19.⁵⁸
- **General Mills** made **\$715 million more in profits** than the previous year.⁵⁹ The company boasted to its share holders about its "exceptional results" due to "elevated at-home food demand."⁶⁰
- **Target** reported "outstanding profitability" thanks to "heightened sales volume" in response to the COVID-19 pandemic and thanks to its on-line sales and remote pickup options.⁶¹ The company made **\$600 million more in profits** compared to the first three quarters of 2019.⁶²
- **3M** reported **\$400 million more in profits** compared to the same period in 2019.⁶³ 3M said the virus spurred "strong growth" for its personal safety products, such as gowns and N95 respirator masks and consumer goods like Scotch-Brite sponges.⁶⁴
- **Best Buy** reported an **increase of almost \$200 million in profits** compared to the first three quarters of 2019.⁶⁵ Best Buy benefited from large growth in its home delivery and curbside pickup sales. The company recently had its largest quarterly sales increase in 25 years, thanks to a 174 percent jump in its online sales.⁶⁶
- **Toro** saw its **profits increase \$54 million** compared to 2019⁶⁷ thanks to so many Americans staying at home because of the coronavirus pandemic, which boosted residential product sales.⁶⁸
- **Fastenal** reported **\$50 million more in profits** compared to the same period in 2019.⁶⁹ The company "assisted the needs of governments, first responders, and critical infrastructure entities by supplying sharply increased demand for personal protective equipment (PPE) products."⁷⁰

⁵⁷ "UnitedHealth Group Reports Third Quarter Performance," Press Release, Oct 14, 2020

⁵⁸ "Major U.S. Health Insurers Report Big Profits, Benefiting from the Pandemic," New York Times, Reed Abelson, August 5, 2020

⁵⁹ General Mills 2020 Annual Report to Shareholders

⁶⁰ "General Mills Reports Strong Fiscal 2021 First-Quarter Results and Announces Dividend Increase," Press Release, Sept 23, 2020

⁶¹ Target Corporation Reports Second Quarter Earnings," Target Press Release, August 19, 2020

⁶² "Target Corporation Reports Third Quarter Earnings," Press Release, Oct 18, 2020

⁶³ "3M Reports Third-Quarter 2020 Results," Press Release, Oct 27, 2020

⁶⁴ "3M Reports Second-Quarter 2020 Results," Press Release, July 28, 2020

⁶⁵ "Best Buy Reports Third Quarter Results," Press Release, November 24, 2020

⁶⁶ "Best Buy just had its best quarter in 25 years," Press Release, Nov 25, 2020

⁶⁷ "The Toro Company Reports Third-Quarter Fiscal 2020 Results," Press Release, Sept 3, 2020

⁶⁸ "Toro quarter boosted by residential sales as more Americans stay close at home," Star Tribune, Patrick Kennedy, Sept 3, 2020

⁶⁹ "Fastenal Company Reports 2020 Third Quarter Earnings," Press Release, October 13, 2020

⁷⁰ "Fastenal Company Reports 2020 Second Quarter Earnings," Press Release, July 14, 2020

SOURCES FOR INCREASED REVENUE FOR EDUCATION

The CEOs, executives, and shareholders of these companies have all benefited immensely on top of their existing fortunes, thanks to the large increase in stock prices since last March.

- The stock prices of **Target** and **Best Buy** have almost doubled just since March.

CORPORATION	STOCK PRICE ⁷¹		PERCENTAGE INCREASE
	March 12, 2020	January 11, 2021	
TARGET	\$101.02	\$199.10	97.1%
BEST BUY	\$61.06	\$114.71	87.9%
FASTNEL	\$34.09	\$51.62	51.4%
TORO	\$69.97	\$99.53	42.2%
UNITEDHEALTH	\$272.04	\$357.37	31.4%
3M	\$141.68	\$166.51	17.5%
GENERAL MILLS	\$53.48	\$54.37	141%

The above companies also received over \$65 million in financial aid from the coronavirus stimulus package in April 2020.⁷²

CORPORATION	AMOUNT OF CARES ACT FUNDING
UNITEDHEALTH	\$27.2 MILLION
3M	\$16.1 MILLION
GENERAL MILLS	\$11.1 MILLION
TARGET	\$9.7 MILLION
TOTAL	\$65.1 MILLION

National companies that have a presence in Minnesota have also done very well, most notably **Amazon**, which has a fulfillment center in Shakopee and is opening an additional one this year in Lakeville,⁷³ and **Walmart**, which has 68 stores in Minnesota.⁷⁴ The country's two largest companies earned \$10.7 billion more in profits than last year, a stunning 56 percent increase, largely because of the pandemic.⁷⁵

Stock prices for Amazon and Walmart have shot up 70% and 36%, respectively, since the start of the pandemic.⁷⁶

⁷¹ www.motleyfool.com, accessed January 14, 2021

⁷² Good Jobs First Covid Stimulus Tracker

⁷³ "Amazon to open fulfillment center in Lakeville," KARE-11, Miranda Manier, October 20, 2020

⁷⁴ https://www.walmart.com/store/directory/mn, accessed January 8, 2021

⁷⁵ "Amazon and Walmart have raked in billions in additional profits during the pandemic, and shared almost none of it with their workers," Brookings, Molly Kinder and Laura Stetler, December 22, 2020

⁷⁶ "Amazon and Walmart have raked in billions in additional profits during the pandemic, and shared almost none of it with their workers," Brookings, Molly Kinder and Laura Stetler, December 22, 2020

SOURCES FOR INCREASED REVENUE FOR EDUCATION

Minnesota's corporate elite also saved billions of dollars a year from the federal tax cut of 2017 that lowered the corporate tax rate from 35% to 21%. Minnesota's ten largest public companies collectively saved over \$7 billion on their federal tax bill this year.

CORPORATION	2019 US EARNINGS BEFORE INCOME TAXES ⁷⁷	Tax Bill at the pre-2017 rate of 35%	Tax Bill at the post-2017 rate of 21%	SAVINGS
UNITEDHEALTH	\$18.0 BILLION	\$6.3 BILLION	\$3.8 BILLION	\$2.5 BILLION
US BANK	\$8.6 BILLION	\$3.0 BILLION	\$1.8 BILLION	\$1.2 BILLION
3M	\$5.7 BILLION	\$2.0 BILLION	\$1.2 BILLION	\$800 MILLION
TARGET	\$4.2 BILLION	\$1.5 BILLION	\$900 MILLION	\$600 MILLION
MEDTRONIC	\$5.2 BILLION	\$1.8 BILLION	\$1.1 BILLION	\$700 MILLION
AMERIPRISE	\$2.2 BILLION	\$781 MILLION	\$469 MILLION	\$312 MILLION
GENERAL MILLS	\$2.1 BILLION	\$730 MILLION	\$440 MILLION	\$290 MILLION
ECOLAB	\$1.9 BILLION	\$665 MILLION	\$399 MILLION	\$266 MILLION
BEST BUY	\$1.5 BILLION	\$512 MILLION	\$307 MILLION	\$205 MILLION
CH ROBINSON	\$742 MILLION	\$260 MILLION	\$156 MILLION	\$104 MILLION
TOTAL	\$51.6 BILLION	\$18.0 BILLION	\$10.8 BILLION	\$7.2 BILLION

Although Republicans insisted that corporations would use their tax cuts to raise wages for their workers and create jobs, many companies instead used the extra cash to spend billions of dollars in record stock buybacks. This boosted the stock price, benefiting investors and company executives. For instance, Target authorized a \$5 billion stock buyback program in 2019,⁷⁸ and UnitedHealth spent \$3.2 billion in stock buybacks in 2018.⁷⁹

⁷⁴ From each company's 2020 Annual Report

⁷⁵ "Target sets new \$5 billion stock buyback program," Marketwatch.com, Tomi Kilgore, September 19, 2019

⁷⁶ "UnitedHealth ramps up stock buybacks, hitting \$3.2B in the first half of 2018," Fiercehealthcare.com, Evan Sweeney, October 4, 2018

SOURCES FOR INCREASED REVENUE FOR EDUCATION

Individual Pandemic Wealth

There are 56 new billionaires in the U.S. since last March, bringing the total to 659. This small group of billionaires has seen their wealth increase by more than \$1 trillion since the pandemic began.⁸⁰

In contrast to this concentration of wealth at the top, there is a growing number of U.S. households with zero or negative net worth (they owe more than they own). Currently about a third of Black and Latino families have zero or negative wealth.⁸¹

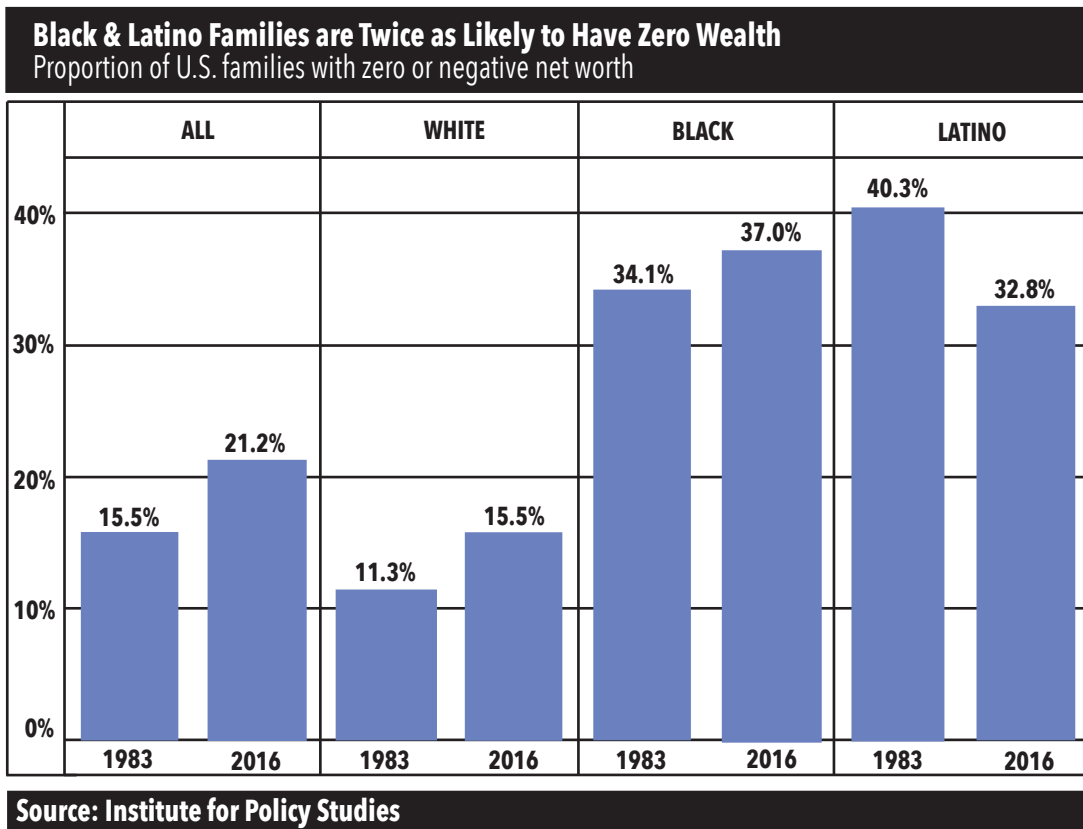
As noted above, many corporations have reported huge profits this year, and their stock prices have soared.

On March 2, 2020, the Dow Jones Average was 26,703. In November 2020, it topped 30,000 for the first time ever.⁸²

The NASDAQ Composite had one of its most successful years ever, skyrocketing 46 percent.⁸³

Since stocks are overwhelmingly owned by the wealthy, the stock market success has made the rich even richer.

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



Source: Institute for Policy Studies, "Ten Solutions to Bridge the Racial Wealth Divide" (April 2019)¹⁶

⁸⁰ "Wall Street minted 56 new billionaires since the pandemic began – but many families are left behind," NBC News, Martha White, Dec 30, 2020

⁸¹ "Billionaire Bonanza 2020," Institute for Policy Studies, April 23, 2020

⁸² "Why the Dow topped 30,000 for the first time," WBTV, November 25, 2020

⁸³ "Can Nasdaq Composite Hold Its Momentum in 2021," Zacks.com, Nalok Das, January 5, 2021

SOURCES FOR INCREASED REVENUE FOR EDUCATION

Corporation	\$ increase in stock	Executive	# Shares ⁸⁴	Gains
UnitedHealth	\$85.33	Stephan Hemsley, Chairman	3,213,668	\$274.2 Million
		David Wichmann, CEO	936,873	\$79.9 Million
Target	\$98.08	Brian Cornell, CEO	433,455	\$42.5 Million
3M	\$24.83	Inge Thulin, Chairman	1,546,086	\$38.4 Million
		Michael Roman, CEO	343,066	\$8.5 Million
Best Buy	\$53.65	Hubert Joly, Chairman	882,509	\$47.3 Million
Fastenal	\$17.53	William Oberton, Chairman	433,455	\$7.6 Million
		Daniel Florness, CEO	543,575	\$9.5 Million
Toro	\$29.56	Richard Olson, CEO	455,777	\$13.5

These executives will not have to pay taxes on this increase in wealth, because there is no tax on wealth, just on income. They will not have to pay any tax on this until they sell their stock and make a profit on the sale.

Since 1980, the taxes paid by billionaires in the U.S. have gone down 79 percent, even though their wealth has increased enormously.⁸⁵ Working class Americans now pay a higher percentage of their income in taxes than billionaires.⁸⁶

“Their pandemic profits are so immense that America’s billionaires could pay for a major COVID relief bill and still not lose a dime of their pre-virus riches. Their wealth growth is so great that they alone could provide a \$3,000 stimulus payment to every man, woman, and child in the country, and still be richer than they were nine months ago.”⁸⁷

⁸⁴From each company's 2020 Proxy Statement

⁸⁵"Billionaire Bonanza 2020," Institute for Policy Studies, April 23, 2020

⁸⁶Taylor Nicole Rogers, "American Billionaires paid less in taxes in 2018 than the working class," Business Insider, October 9, 2019.

⁸⁷"Ten billionaires reap \$400bn boost to wealth during pandemic," The Guardian, Rupert Neate, Dec. 19, 2020