

ESTIMATED COSTS OF 'FULLY FUNDING' SCHOOLS

Gov. Tim Walz offered a compelling vision of fully funding public education in his campaign for governor. While Education Minnesota may differ in some details about what “fully funding” means, we agree a 15-year history of underfunding has left Minnesota’s public schools scrambling for resources.

This memo estimates the cost of Gov. Walz’s vision based on his public statements and his answers to a questionnaire filled out by candidates who sought the endorsement of Education Minnesota during the 2018 campaign. It also includes cost estimates of Education Minnesota’s similar proposals.

With those caveats, the cost of Walz’s vision for fully funding E-12 education in Minnesota is between **\$3.70 billion and \$4.33 billion for the next biennium.**

Fully funding special education costs: The Minnesota Department of Education reports the cross subsidy, the amount transferred from districts’ general funds to pay for unfunded special education mandates, is \$750 million per year. The MDE estimates the figure will increase to \$817 million in fiscal year 2021. Gov. Walz has said his goal “includes finally fully funding the cost of special education,” which we interpret to mean both unfunded state and federal mandates. **Cost: \$1.5 billion.**

Linking school funding to inflation: In one of two approaches, the governor has said he would like to go 2 percentage points higher than the Consumer Price Index, which is 2.5 percent, for 4.5 percent. In another, he said he would just use the CPI.

Here are the fiscal costs of education spending on the general education formula:

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|-------------------------|---------------|
| 1. CPI and CPI | \$478 million |
| 2. CPI + 2% and CPI +2% | \$865 million |

Universal access to half-day pre-K: There are different ways to estimate the cost of expanding the program from its current size to make every 4-year-old eligible for the program. We defer to the current estimate from the Minnesota House research department. **Cost: \$500 million to \$600 million for the biennium.**

Fully funding Q-Comp: The Q-Comp program is an important source of revenue for Minnesota school districts struggling to implement the unfunded mandates in the Teacher Development and Evaluation law. However, the program is subscribed fully. This cost estimate ranges from covering the current waiting list of districts to opening the program to all Minnesota teachers. **Cost: \$30 million to \$160 million for the biennium.**


Improving licensed staff-to-student ratio by 1: This is a difficult cost to calculate because the state data does not measure class size, but licensed staff-to-student ratio. This includes not only teachers, but principals, vice principals, counselors, nurses and other student support staff. Gov. Walz is on record as saying he does not want to tie funding specifically to counselors and other support staff. Using this calculation, a district could choose to reduce class size, or if class size is not an issue, could hire counselors and other support staff. **Cost: about \$744 million.**

Student loan debt relief: This estimate pertains only to lowering the education debt of teachers. This conservatively assumes 75 percent of teachers have education debt and they receive a \$3,000 stipend. **Cost: \$252 million.**

Continued on back

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Increase wages to \$15 per hour: Meeting the governor's promise to raise the minimum wage to \$15 an hour would benefit workers in many sectors of the economy. We narrowly focus this analysis on the costs to public schools and conservatively assume 20,000 paraprofessionals would receive a \$3 per hour wage increase. We assume no increase for the other 40,000. **Cost: About \$134 million.**

Expand full-service community schools: We assume that all schools identified for comprehensive or targeted support under the Every Student Succeeds Act will receive full-service community schools funds at \$200,000 per site. Estimate also includes continuing funding for current FSCS. **Cost: \$75 million.**

DIFFERENCES WITH THE EDUCATION MINNESOTA AGENDA

The preceding cost estimates were for policies candidate Walz included in his definition of fully funding public education. Education Minnesota supports a slightly different set of policies than Walz and there is some overlap. The union proposals include the following. All cost estimates are for the upcoming two-year budget. **These costs are not included in the \$3.70 billion and \$4.33 billion estimate.**

Increase salaries for licensed educators: Raise salaries for teachers and other licensed school staff as a way to increase the number of people who choose education for their career and to retain experienced and highly trained educators. This would include raising starting salaries to \$50,000, giving current staff a \$10,000 raise in each year of the upcoming biennium, and making certain adjustments to the TRA pension system. **Cost: \$1.43 billion.**

Affordable health care for educators: We can trace the financial pressures driving educators from their jobs to two main sources: stagnant pay and soaring health insurance costs. Education Minnesota supports the creation of a special fund to lower the cost of health insurance for the teachers and ESPs who interact with Minnesota's children every day. **Cost: \$345.19 million.**

Hire more counselors directly: Education Minnesota favors creating a stable funding stream dedicated to hiring more counselors and other student support professionals. Improving the counselor-to-student ratio to the national average is the low-end estimate. Achieving the level recommended by the American School Counselor Association would be more expensive. **Cost: \$133.08 million to \$625.88 million.**

Pay for the TDE mandate: The Q-Comp program mitigates costs of the Teacher Development and Evaluation mandate for districts employing about half the teachers in the state. The other half are stuck moving their money out of the classroom into budgets for training and personnel. Unlike Gov. Walz, who favors opening Q-Comp to all districts, Education Minnesota supports dedicated, separate funding for the TDE law. **Cost: \$132 million.**

CONCLUSION

Minnesota schools suffer from a mismatch between the resources their students need to succeed and the funding provided by the local, state and federal governments. This tension demoralizes educators and drives them from the profession. It reduces the quality of education students receive in the schools, particularly students of color. We believe Gov. Walz recognizes these facts and we anticipate he will become the visionary leader educators worked so hard to elect as their governor.

- High estimate of fully funding Walz's proposals: **\$4.33 billion (using 2 percent plus CPI, higher pre-K estimate, higher Q-Comp assumption)**
- Low estimate of fully funding Walz's proposals: **\$3.70 billion (using only CPI, lower pre-K estimate, lower Q-Comp assumption)**