

Summary of Meeting with State Rep. Mindy Greiling
Civic Caucus, 8301 Creekside Circle, Bloomington, MN 55437
Friday, September 26, 2008

Guest speaker: State Rep. Mindy Greiling, Roseville, chair House K-12 Education Finance Division

A. Context of the meeting--Today's meeting is one of several the Civic Caucus has scheduled in recent months to learn more about key educational issues facing Minnesota. Today's topic is financing the K-12 system.

B. Welcome and introduction--Verne and Paul welcomed and introduced our speaker for the day, **State Rep. Mindy Greiling**. Greiling is chair of the House K-12 Education Finance Division. She co-chaired a bipartisan Senate/House/Commissioner of Education task force that took recommendations from P.S. Minnesota, an advocacy group for most major educational organizations, and fleshed them out into a bill. Greiling is serving her eighth term in the House. She has a B.A. degree in education from Gustavus Adolphus College, and an M.A. degree in education from the University of Minnesota. She served as an elementary school teacher in St. Paul and a school board member in Roseville before her election to the House. In 2008 she was named legislator of the year by the Minnesota School Boards Association.

C. Comments and discussion--During Greiling's comments and in discussion with the Civic Caucus the following points were raised:

1. Opportunity for all students--The goal of a major school funding bill authored by Greiling and State Sen. Terri Bonoff is to give all students equal opportunity in the state, regardless of where they live or the wealth of the local school district. The bill changes formulas for distributing funds among school districts. The changes are designed to be more equitable, fair, and simplified. The cost would be \$2 billion more per year, but the bill is scalable to allow for phase-in over time. Educational advocates believe the new bill should be called the new Minnesota Miracle, a reference to major changes in school finance and other state-local finance in 1971 that became known as the Minnesota Miracle.

Greiling's bill is outlined in greater detail toward the end of this summary.

2. Bill will stimulate educational change--Greiling said the bill would set aside 1 1/2 percent of basic revenue for each district in a reserve to fund research-based practices to improve student academic performance. School districts that are not making adequate progress would file plans with the Commissioner of Education on how the funds would be used.

Other innovations or legislatively-mandated changes on improvements will be added to the bill during the 2009 session, Greiling said. As chair of the K-12 Education Finance division, she said her role is to present the proposal for how funds will be

apportioned among school districts. She anticipates that changes in educational policy will be formulated by the House Education Committee and be incorporated in her bill. One member noted this is how the health and human services policy and state funding is done at the end of the session when the policy bill is rolled into the funding bill and the funding committee decides how many of the recommended policies from the policy committee can be funded for the next two years.

In the continuing discussion on this point, a Civic Caucus member observed that the Greiling bill is essentially a bill that reallocates state aid, with the hope that the Governor and others will suggest innovations to go along with the bill. Greiling said she strongly favors innovations and reforms and expects they'll be included.

3. Incentives to school districts to economize--Giving as an example the growing cost of energy and everyone's need to economize, a Civic Caucus member inquired about incentives that might be present to encourage school districts to economize. Greiling replied that her Senate counterpart, Sen. Bonoff, is working on this issue this weekend.

4. Year round school?--Continuing the discussion, the Civic Caucus member inquired about the possibilities of year-round school, something that some including California, seem to have implemented. Greiling said she would be very much open to an extended school year. However, the resort industry, which wants school to start after Labor Day, has been able to prevent such changes.

5. Making state aid the same for elementary and high school students--A significant change in the bill, Greiling said, is that per pupil state aid will be the same for students in all grades. Until now more state aid has been given for high school students over elementary students. Greiling said that basis for state aid, the per pupil formula allowance, would grow from \$5,124 to \$7,000 under the bill. This increased funding will cushion the impact of decreasing the weighting of secondary students as it treats all students the same, regardless of grade level. Such funding would also make possible all day kindergarten.

6. Recent trends in spending for education--Asked how Minnesota compares with other states, Greiling said that Minnesota today ranks 24th among the states in the percent of personal income devoted to education. In years past the state was as high as 4th. The percent of personal income devoted to state and local taxes--the source for education revenue--has declined in Minnesota from 17 percent to 15 percent, she said. Education, being very labor intensive, has not kept pace with the increase in the implicit price deflator, a measure of the change in prices of goods and services, she said.

7. Unfortunate drop in federal support for special education--In the mid-70s, the federal government began encouraging special education in a big way, by imposing mandates and promising to pick up 40 percent of the bill. The promised federal funding never followed. Now federal support is 17 percent for special education.

Mandates, however, remain at the same level as they were in the mid-70s. The cost of satisfying special education mandates is one of the main reasons for school levy referendums, Greiling said.

8. Support for pre-kindergarten--Greiling said she strongly supports a significant state role in education for children beginning at age three. She said she is not concerned whether such education is provided in public school settings or some other environment. She believes standards for pre-school educators need to be established. Early childhood learning should be one of the first improvements in education in 2009.

A Civic Caucus member noted that much early childhood development work occurs in the Human Services area, not in education. Greiling said she agrees everything shouldn't be folded under education, such as who is organizing help for parenting during the first years of life.

9. Proposal for on-line learning is energizing--Greiling said she's read a book discussed in the Civic Caucus several weeks ago titled, "Disrupting Class", by Clayton Christensen. She said she's energized by such proposals. Schools can't afford to do everything that is requested of them, and major changes such as on-line learning as discussed by Christensen sound exciting. Greiling said she has supported charter schools.

10. Innovation need not wait for entire financial package to be enacted--Greiling restated her earlier point that the school aid changes recommended provide a framework to assure equitable funding for students throughout the state and that will accommodate gradual increases in appropriations. The framework doesn't required full funding in the first year. In fact given the cost and the state of the economy it is possible the entire funding proposal might need to be phased in over a number of years. However, she said, various innovations don't need to wait for full funding either.

Asked which parts of the state aid package would be delayed if full funding isn't provided, Greiling replied that it should be possible to enact all parts of the package, treating all of them proportionately the same, to fit the appropriations that are available.

11. Opposition to constitutional amendment--Asked whether education should seek the same kind of constitutional revenue protection as is being proposed this November for outdoors, water, and the arts, Greiling said she opposes the amendment and does not advocate such an approach for education either.

12. Important cost of living differential for the metro area--A very important addition in her bill, Greiling said, is additional funding for school districts with above-average cost of living measured by wage and housing data. The Association of Metropolitan School Districts is working very hard on this measure because it believes salary levels need to be higher in the metro area than in greater Minnesota to reflect the higher cost of living in the metropolitan area.

Another provision in the bill, improving aid to geographically isolated districts, is intended to partially balance the cost-of-living provision for metro area districts. Other help for rural areas is provided by changes in an agricultural property tax credit and in transportation aid.

Greiling said that Education Minnesota, the state teachers union, opposes the proposed cost-of-living differential for metro area schools. Education Minnesota favors the same salary treatment for teachers statewide, she said.

13. School leadership today is spending too much time on revenue-raising, not education--School leadership today is spending too much time on revenue-raising through special levy referendums, not on education. A systematic de-funding and starving of schools of necessary financing must stop, Greiling said, so that they can concentrate on education. Today, parents, school boards, administrators, and their communities are spending enormous efforts in seeking approval for referendums to increase property taxes, because they aren't getting sufficient state aid.

14. Relationship to federal bail-out package--Changing the subject slightly, a Civic Caucus member inquired whether the state might be called on to provide some kind of financing in the wake of the national \$700 bailout package moving through Congress. Greiling said she's unaware of any such need. She went on to say that the need to improve schools in Minnesota is more important than the need to enact the federal bailout package.

15. Contrast with legislative activity in 1971--It was noted that some discussion has occurred to highlight the fact that the Greiling proposal might be a second "Minnesota Miracle", a term used originally in 1971 to highlight major legislative action in that year on schools and other state-local financing. A Civic Caucus member pointed out that in 1971 the school aid formula was written in the same conference committee that also wrote a new municipal aid formula, enacted property tax reductions and increased state sales and income taxes. Such an environment enabled the Legislature to balance a variety of interests in the same bill. One member questioned whether there could be comparable agreement by legislative leaders to take a similar tack in the 2009 session.

16. Main features of new school finance proposal--Here are detailed provisions of the school aid bill proposed by Greiling:

a. Increases funding--Provide \$2 billion more per year for K-12 education, with amount to be phased in over several years. Currently, K-12 receives about \$7 billion per biennium. Money would be used for various purposes, including basic education funding, special education costs and all-day kindergarten. Some tax increases would probably be necessary. Basic formula allowance goes from \$5,124 per adjusted marginal cost per pupil unit to \$7,500 and is indexed for inflation.

b. Reduces property taxes--Use \$400 million from that total to ease property taxes for homeowners whose bills have risen because of local school levy increases. The reduction would be accomplished by eliminating several levies, including levies for operating capital, equity, and transition, by enhancing equalizing levels, and by offsetting \$500 per pupil of referendum revenue. Property tax referendums would still be allowed.

c. Provides achievement aid--Require that 1.5 percent of district revenue be used to fund research-based practices that improve student academic performance.

d. Changes method for counting students for aid purposes--Each student enrolled, from all-day kindergarten through 12th grade, would be counted as one pupil unit, for aid purposes. Currently, different pupil-unit weightings are given to pupils in kindergarten, in grades 1-3, in grades 4-6, and in grades 7-12.

e. Increases funding for the disadvantaged--An additional \$2,500 is given to each school district based on number of students eligible for free or reduced meals, with more funds available for districts with high concentration of students from low socioeconomic backgrounds.

f. Increases funding for limited English proficiency--Districts would receive additional funding equal to 20 percent of the formula allowance for students with limited English proficiency.

g. Provides aid for districts that are declining in revenue--A declining-enrollment district would receive additional formula allowance revenue based on the difference between its past three-year average enrollment and its current enrollment.

h. Provides new aid for school districts in counties with above-average cost of living--This aid would benefit metropolitan area districts,

i. Increases aid for small, geographically isolated districts--Eligibility requirements are liberalized by reducing the minimum distance from the next nearest school from 19 to 15 miles.

j. Liberalizes special education revenue--Each school district would receive its full allotment, without a revenue cap, of 68 percent of its eligible special education expenses.

k. Provides new transportation aid--Aid is related to hazardous transportation conditions, with aid limited to 20 percent of a district's transportation expenses. State aid also would be provided for 5 percent of the expense of bus purchases.

17. Thanks--On behalf of the Civic Caucus, Verne thanked Greiling for meeting with us today.