

# Frequently Asked Questions about Operating Referendum

## ***Didn't the Legislature provide \$800 million for E-12 education in 2005? Why do districts need more?***

In the 2005 legislative session, the Governor and Legislature approved \$566 million in new state aid. The \$800 million total *included* \$95 million in an accounting shift as well as an estimate of what would be generated by new local levies. Of the \$800 million in total new funding for schools, \$139 million was expected to come from local levies. Of the \$139 million in local levies, the Minnesota Department of Education estimated that \$32 million would come from passage of new referenda.

## ***Didn't the Legislature provide supplemental funding for energy costs in 2006?***

In the 2006 session, the Legislature approved supplemental funding of \$3.67 per pupil to assist school districts with energy costs. A survey of AMSD members showed an average projected annual increase in expenditures for heating and transportation of **\$47.61** per pupil for the fiscal year ending June 30, 2006.<sup>1</sup>

## ***Isn't the basic formula sufficient? Hasn't it increased in recent years?***

The basic formula would have to increase by an *additional* \$373 per pupil over the next fiscal year just to maintain a level of funding after inflation equal to that invested in the 1991-92 school year.

## ***Isn't a referendum just for "extras"?***

Operating referenda have grown in importance since they were first put on the ballot in the early 1970s. In 1980, less than a quarter of districts relied on voter approved operating referenda. Today, over 88% of districts rely on the operating referendum. This increase reflects the fact that operating referenda are no longer seen as a way to pay for "extras." Districts now rely on operating referenda to fund basic, core academic programs.<sup>2</sup>

## ***How much of districts' revenue comes from the operating referendum?***

The amount of a district's revenue that comes from the operating referendum varies greatly from district to district. Metro districts rely most heavily on the operating referendum since, on average, metro districts receive the lowest amounts of state aid. Reliance on the operating referendum has also grown over time: in 1984, referendum revenue made up less than 3% of total education revenue, by 2007 that figure will increase to 9.95%.<sup>3</sup> In fiscal year 2007, some metropolitan school districts will depend on the operating referendum for up to 21% of their revenue.<sup>4</sup>

## ***Isn't Minnesota already a leader in education funding?***

- In 2002, according to the Census of Governments (COG), Minnesota fell below the national average for per pupil spending for the first time since the COG began collecting the data 13 years ago. A National Center for Education Statistics study with data from 1970 through 1992 showed that Minnesota never dropped below the average during that time period.

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<sup>1</sup> AMSD 2005 Energy Survey, conducted October 1 – November 15, 2005. Figures use AMCPU for pupil count. The \$47.61 is comprised of \$37.45 for heating expenditure and \$10.16 for transportation expenditure.

<sup>2</sup> Crowe, Greg "A History of the School Operating Levy Referendum," *Money Matters*, December 2002. Fiscal Analysis Department, Minnesota House of Representatives.

<sup>3</sup> Crowe, Greg "A History of the School Operating Levy Referendum," *Money Matters*, December 2002. Fiscal Analysis Department, Minnesota House of Representatives.

<sup>4</sup> Minnesota Department of Education, WhatIf 2007 worksheet.

- According to a report by The Nelson A. Rockefeller Institute of Government, Minnesota ranked 46<sup>th</sup> in the nation in growth in per-pupil spending on K-12 education between 1997 and 2002.
- In 2003, Minnesota ranked 28<sup>th</sup> in current K-12 education spending per \$1,000 of personal income (in 1995, Minnesota ranked 12<sup>th</sup>).<sup>5</sup>
- Minnesota received a “D” grade, one of the three worst marks in the nation, from Education Week magazine in its analysis of the availability of technology for students, teachers and administrators.<sup>6</sup>

***Didn't the State take over responsibility for funding education in 2001?***

In 2001, the Legislature passed legislation to assume a greater responsibility for funding education. In recent years, however, State support for education has diminished leaving local districts to pick up the slack. The State has reduced the percentage of school district revenue it contributes from 86.7% in fiscal year 2003 to 80.5% in fiscal year 2007.<sup>7</sup> Local operating referenda are necessary to make up for the under-investment by the State. In fact, 302 of Minnesota's 343 school districts have received authorization from voters to collect an operating levy in the fiscal year ending June 30, 2007. Of AMSD's 27 districts able to receive such authorization, 26 have held referendum elections since 2001. Twenty three of those districts have held more than one referendum election since 2001.

For questions, more detail, or additional research related to school district referenda, contact the Association of Metropolitan School Districts at 651-999-7325.

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<sup>5</sup> U.S. Census Bureau, “Public Education Finances: 2002,” September 2004, Table 8.

<sup>6</sup> “Technology Counts 2006: The Information Edge,” *Education Week*, May 4, 2006, 54.

<sup>7</sup> Minnesota House Research, “Appropriations and Levies for Elementary, Secondary and Community Education Including State Agencies,” July 25, 2006.