

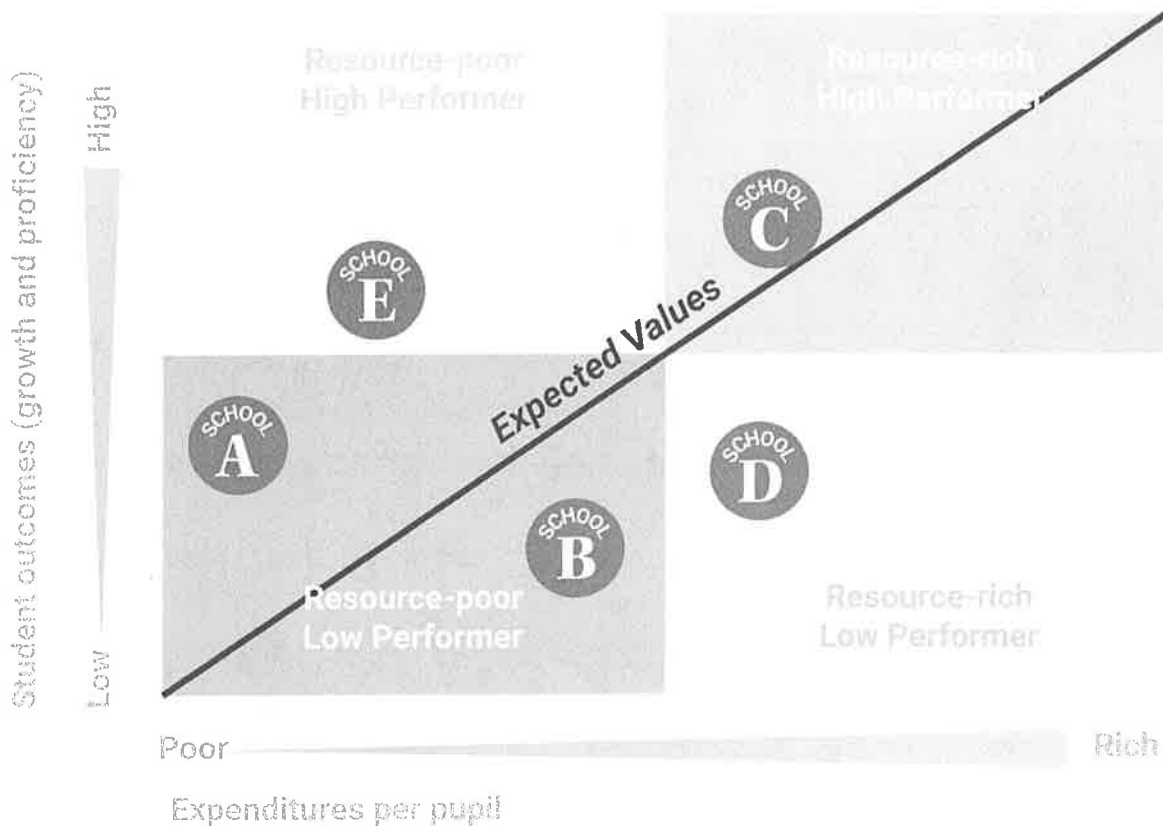
# Increase financial transparency



## Recommendation

The state legislature should require the Minnesota Department of Education (MDE) to collect and report school-level spending alongside the data about academic outcomes and student demographics.

## What it could look like



A chart that displays student outcomes and funding together (along with student demographics) would allow stakeholders and the public to compare similar schools and identify schools that do well relative to the resources at their disposal. It would also inform conversations about struggling schools because stakeholders would know whether this was in part, due to a lack of funding or not.



# School Report Card

**ACADEMICS**      **EXTRA CURRICULARS**      **FINANCIAL TRANSPARENCY**



**Average Per-pupil Revenue** ..... \$16,000

Including local and philanthropic money

**Average Per-pupil Expenditures** ..... \$10,091

**School Median Teacher Salary** ..... \$51,000

**Actual Teacher Salary Total** ..... \$2,350,000

Number of full-time licensed teachers ..... 43

**Average Teacher Retention Rate** ..... 5.6 years

In addition, the report should also include:

- Revenue - All incoming funding, including federal, state, local (property tax, levies), and philanthropic funding (parent-teacher associations, foundations, corporations, alumni, etc.)
- Expenditures - Total spending per pupil including actual costs (not district averages) for salary, transportation, curriculum, broken down to the extent practicable
- Actual teacher salary and median teacher salary at the school level
- Teacher retention rate

MDE should include this information on a tab of the school report cards currently being developed as part of Minnesota's Every Student Succeeds Act (ESSA). MDE should also provide technical assistance to districts to ensure proper reporting and conduct random annual audits of some schools to ensure the school funding data is accurate, especially at the school level.

## Rationale

School spending is the underlying foundation for every education decision and program, and it is also indicative of priorities. As a team, we started our work by exploring the question, "How equitable is spending at the school and student levels?" We learned that though Minnesota's formula includes several equitable spending provisions, it was not clear how much of the money follows the students for whom the funds are intended down to the school level versus the district level.<sup>8</sup> When it came to school-level spending, we found limited resources and even heard conflicting opinions from various education and policy experts.



## INCREASE FINANCIAL TRANSPARENCY

Additionally, it is currently difficult to assess the funding students receive because local property taxes, levies, and funds raised from parent-teacher-associations and the business community are not reported along with state funding. One study found that “hidden money” — money from parents’ associations and local businesses in wealthier areas — contributes to sizable school funding inequities.<sup>9</sup> As both St. Paul Public Schools (SPPS) and Minneapolis Public Schools (MPS) face budget shortfalls, all stakeholders must have a clear picture of current spending and the corresponding student achievement results so stakeholders can determine how to distribute resources in the most equitable way possible.

Teacher salaries and benefits comprise approximately 85 percent of the average district’s budget. Salaries are a proxy for experience since the traditional steps and lanes pay scale dictates that teachers’ salaries largely reflect years of experience. In many urban districts, teachers who make the most money because of their years of experience work in schools with whiter and more affluent student populations than schools where there are concentrations of early-career teachers. In this way, district resources are disproportionately allocated to wealthier, whiter schools. For example, in 2013, the median MPS teacher salary at Bethune — a school where the student population is primarily students of color from low-income households — was \$49,449. At Lake Harriet (Lower) — a school with a predominantly white and affluent student body — the median teacher salary was \$80,355.<sup>12</sup> Both MPS and SPPS use a districtwide, average teacher salary for calculating school budgets. The result of this use of average rather than actual teacher salary is that while schools like Bethune bring in additional funding from the state to Minneapolis Public Schools because of the greater needs of their students, the district is allocating much of that money to other schools, like Lake Harriet (Lower), to pay for their more experienced teachers.

In the fall of 2017, the Duluth School Board, residents, and a community group for equity debated whether restructuring the district’s budget was needed so that the low-income students for whom state compensatory education funds were intended actually received the funds. Some voiced concerns the district was distributing these funds to schools serving wealthier students within the district.<sup>10</sup> The following information is from a piece that ran in the *Duluth Tribune* after the debate heated up:

**“The district this year received about \$6.8 million in compensatory education funding. Denfeld received about 80 percent of its allocation, while East received nearly 400 percent.”**

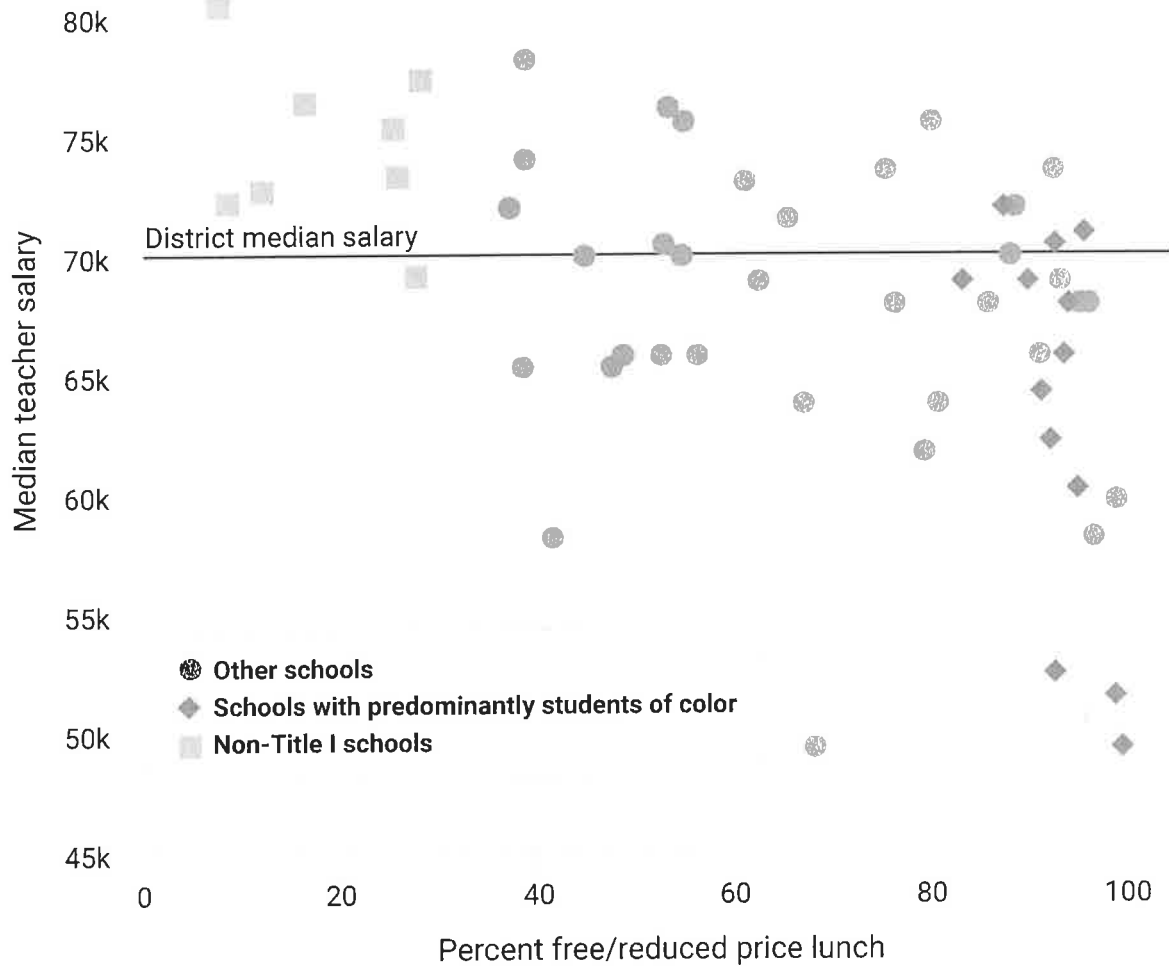
- East High School has a more affluent student population
- Denfeld High School has significantly more students from a low-income background

This information suggests that in this district, the money allocated from the state to students with greater needs is not actually reaching them directly. Also, this information cannot currently be gleaned from the MDE public financial reports alone.<sup>11</sup> We must create a system that allows the average person to have understandable financial data so they can give meaningful input regarding what districts prioritize and who receives what resources instead of depending solely on reporters conducting time-consuming Freedom of Information Act (FOIA) requests and analyzing data.



### MPS median salary vs. free/reduced lunch percentage

Source: *MinnPost* 2014 analysis of Minneapolis Public Schools data, Schools on the left side of the chart, with the lowest proportion of students receiving free/reduced price lunch, also have some of the highest median salaries in the district.



The data above was reported by a news outlet after reporters requested and analyzed data under the Freedom of Information Act (FOIA). After multiple requests for updated information under FOIA, Educators for Excellence has still not received updated information on median teacher salaries from SPSS or MPS (at the time of printing). Given the stark contrast in the salaries of teachers in more affluent neighborhoods compared to those in those in under-resourced areas, we need this data publicly reported if we are going to achieve equity and ensure that dollars reach the students whom they were intended to support.