

Madam Chair, members of the committee,

Thank you for the opportunity to testify today. My name is Nelson Inz. I have worked for over twenty years as a classroom teacher, including time in charter schools, and I served for eight years on the Minneapolis School Board, including as chair and finance chair. I also have two children who attend Minneapolis Public Schools.

I started my career in education as a volunteer at Washburn High School in Minneapolis. At the time, Governor Pawlenty was talking about waste in public schools, and I wanted to see for myself what he was talking about. What I saw was not waste, but inspiring people working incredibly hard without enough support to do their best for kids.

To a person, when I told my colleagues, neighbors, and friends that I would be here today—missing work for the first time in two years—they were all excited, and they all had things they wanted me to make sure I mentioned. That should tell you how strongly people feel about these issues.

When the charter school law was first passed 30 years ago, it may have seemed like deregulation and limited oversight of public education was a good idea. It is clear now that charter schools have created serious problems for the people of Minnesota.

At some point, we have to be honest: when you build a public system on deregulation and limited oversight, you shouldn't be surprised when it produces waste, manipulation, and corruption. That's not a rarity in this system—that is the inevitable result of it, whether we intended it or not.

There are the obvious examples: millions of dollars of public money lost in cases like the hedge fund scandal at Hmong Academy, schools leasing buildings to themselves at inflated costs, and high salaries flowing to connected individuals. We've also seen increased segregation and concentration of poverty. These stories show up in the news again and again.

But what is most frustrating for those of us working in public schools is how this system impacts students, teachers, and families on a day-to-day basis.

Though this is just the tip of the iceberg, I'd like to highlight how we fund special education—and how that system harms our neediest kids.

Special education funding operates as a cost-reimbursement system. Schools provide services based on what a student needs, and those costs are partially reimbursed by the state and federal government. But that reimbursement does not cover the full cost. Districts are required to make up the difference using general education funds—this gap is often referred to as the cross-subsidy.

Recently, there were efforts at the legislature to reduce the burden of the cross-subsidy, but even those have been scaled back. As a result, public school districts continue to absorb significant costs just to meet their legal and ethical obligations to serve special education students.

On top of that is how costs are shared between districts. When a student who lives in Minneapolis, St. Paul, Owatonna, Grand Rapids, or Watertown attends a charter school or another district, the home district can be billed for a portion of that student's special education services—even if that student has never attended that district's schools. In other words, one school determines what services are needed, and another system pays for those services.

That structure creates opportunities for manipulation without transparency or accountability.

We are often told that public schools spend too much per student. In Minneapolis, that criticism comes up all the time. Yet we have specialty charter programs like Spero Academy effectively spending upwards of \$60,000 per student—funded in large part by Minneapolis Public Schools dollars—while districts like ours are criticized for our spending. Could you imagine if Minneapolis Parks got to send the bill to Eden Prairie for every person who came to Minnehaha Falls from Eden

Prairie? What do you think that bill would look like?

And beyond the funding, there are real questions about access and accountability. As a board member, I often wondered where the public outcry was when charter schools suspended students at high rates, manipulated special education settings so that students could not legally attend, or simply told families their needs were too great to be served.

I often ask myself: where is the public outcry when these disparities exist? Where are the people storming board meetings at charter schools? When will legislators call out the inequities—when some schools operate with special education caseloads as low as seven students, while in public schools we are responsible for more than double that, often while also teaching full schedules?

And yet, when a charter does decide to serve those same high-need students, the bill can simply be sent back to public school districts—no matter how high.

I think I've probably already gotten too wonky about the mechanics of this, but I will say this: whatever discussion we have here today is just the tip of the iceberg. The current system allows for a level of inconsistency and lack of oversight that should not be acceptable in any area of public spending.

At the end of the day, this is about responsibility. The Department of Education and this legislature created this system, and it is your responsibility to ensure it operates with real accountability, transparency, and control over public funds. If we're not willing to do that, then we should be honest about whether this failed and chaotic system should continue to exist.

Right now, it makes sense that this system is producing corruption, manipulation, and fraud. If we want something better for our students, we need to return to stronger oversight and public accountability for all our schools—not just the ones with publicly elected boards.

Thank you for your time.