



How Much is Enough?

The Implications of School District Labor Cost Trends for State Education Aid

December 2015

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Executive Summary

I. Executive Summary

How much state support for K-12 education is “enough”? Answering that question is very difficult for a fundamental reason: although the state exercises substantial control over school districts’ revenues, it has little influence over how the over 300 independent school districts across Minnesota manage their largest cost: labor expenses.

School districts’ labor expenses have the largest impact on whether state funding for education keeps up with growing costs. Spending on compensation (salaries and benefits) for district employees comprises nearly 80% of total school district general fund spending – which finances most day-to-day school operations. Moreover, the vast majority of these labor costs are the result of the collective bargaining agreements districts negotiate with various employee unions. This gives districts themselves considerable ability to influence and manage price inflation in what is by far their largest purchased input. As a result, the common litmus test of whether increases in state funding for education have been enough – “Do they keep up with inflation?” – turns out to be a more complicated concept and policy issue than is commonly depicted.

In this report, we take a closer look at the recent relationship between school districts’ labor costs and state funding for K-12 education and explore the implications past practices and current trends have for the future distribution of state funding to schools. Our primary focus in this report is basic education formula aid, the workhorse of the state’s education finance system and the prime focus in debates over the level of state support for K-12 education.

Our analysis is divided into three parts. First, we study the relationship between the provision of basic education formula aid and the results of collective bargaining agreements. Second, we examine the relationship between district-level employment changes (which drive district costs) and district level enrollment changes (which drive district revenue). Finally, we investigate how the purchasing power of the new basic education aid the state provided in 2015 is affected by district-level employment costs and trends.

Key Findings

- 1. Even though the same amount of per pupil basic education aid is provided across the state, the cost of contract settlements demonstrate considerable variability from district to district.**
 - Over the ten-year period from FY 2006 through FY 2015 (the years for which data was available), negotiated growth in total compensation costs (salaries plus benefits) generally ranged from 2% to 5% per year, depending in part on economic conditions.
 - While longer periods of analysis somewhat reduce the variability across school districts, considerable diversity remains in how school districts manage their primary cost element.
- 2. The relationship over time between district-level employment changes (which drive district costs) and district level enrollment changes (which drive district revenue) also demonstrates significant variability from district to district.**
 - The overall correlation between changes in districts’ student counts and changes in districts’ staffing over time is positive as would be expected (increasing student counts = increasing district employment and declining student counts = declining district employment). On a percentage basis district staff changes occur on average 70% as fast as pupil changes.
 - However, nearly 20% of the state’s traditional public school students belonged to a school district with a counterintuitive relationship – declining employee counts

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accompanying rising pupil counts or increasing employee counts accompanying declining pupil counts.

- 62% of Minnesota school districts – representing 58% of the students in traditional public schools – have faced an eight-year trend (from 2006-07 to 2013-14) in which any increases in basic formula aid have been at least somewhat offset by the loss of students.
3. **The labor purchasing power of the new basic education formula aid the state provided in 2015 (2% more in 2015-16 and again in 2016-17) is hugely affected by district-level employment costs and trends.**
- Annual growth in districts’ total compensation costs on a per student basis has varied tremendously across the state in recent years. From 2007 (the first year for which data is available) to 2014, district growth in compensation costs has ranged from a high of 12.2% per pupil to a decline of -3.7% per pupil.
 - The purchasing power of the new per pupil basic education aid provided this year varies significantly from district to district. In nearly three-quarters of the state’s school districts, projected growth in compensation costs through FY 2017 (based on continuation of each district’s recent trends) will exceed the increase in basic formula aid that the state enacted in 2015. The median “shortfall” in those districts is \$225 per pupil. In the remaining quarter of Minnesota school districts new basic formula aid exceeds projected growth in district compensation. The median “surplus” is \$95 per pupil.
4. **The relationship between labor cost trends and state aid portend education finance sustainability challenges going forward.**
- Total school general fund compensation costs totaled \$7.2 billion in 2013-14. Assuming 1) there are no changes to the compensation designs that currently exist in collective bargaining; 2) future growth in total compensation costs per employee continues along recent trends, 3) the statewide students-to-total employee ratio remains unchanged; and 4) current projections by the State Demographer’s office in the number of students are accurate; then total general fund school compensation is projected to be \$1.3 billion higher by 2019 and \$4.2 billion higher by 2029.
 - To put the \$4.2 billion increase in perspective, if the state were to finance 100% of the cost through new basic formula aid (thereby providing aid to all districts equally while insulating local property taxpayers from these cost increases), this translates into a 4.1% average growth in the basic aid formula allowance per year through 2029.
 - Even though other forms of school aid exist to help pay for higher labor costs and mitigate the demands on the basic aid formula allowance, the 4.1% projected increase does not factor in inflation in non-labor purchases, reserve requirements, teacher labor market characteristics and underfunded pensions – all of which are likely to place additional financial pressure on school districts.

Conclusions and Recommendations

1. **“Education inflation” and aid sufficiency are both district-specific conditions and heavily district-influenced conditions.** Education finance policymakers should recognize this as such when determining how the state will support local school districts. Moreover, the common practice of evaluating education finance sufficiency based on tracking aggregate school district revenues or spending totals and adjusting them by some national inflation measure is crude at best and highly misleading at worst.
2. **The distribution of supplemental state general education aids and other aid programs designed to compensate districts for having more challenging and costly**

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- educational environments should be based on a strong understanding, and if possible quantification, of the impact these conditions and factors have on district labor requirements and accompanying costs.** Two particular areas meriting closer examination are the adequacy of declining enrollment aid and adjusting aid formulas for geographic cost differences.
3. **Alternative compensation designs are needed going forward to complement state per pupil aid and ensure sustainability in education finance.** Moving away from the traditional uniform salary schedule and towards alternative strategies can be challenging to design responsibly without creating other unintended consequences. Our findings, however, suggest moving to an alternative compensation design that offers the opportunity to repurpose existing compensation resources for greater effect is rapidly evolving from a debatable policy discussion to an undebatable fiscal necessity.
 4. **There is a need for greater public transparency of collective bargaining agreements.** New resources the state makes available to districts can be appropriated by the existing workforce through the collective bargaining process. Taxpayers therefore must have every opportunity to evaluate how well their elected officials are respecting the balance between the private interests of district employees and the interests of students and the broader public.

Specifically, we recommend that:

- Upon the conclusion of a collective bargaining agreement, school districts make settlement information about how changes in the following items will impact district finances over the course of the contract:
 1. changes that affect all employees equally (sometimes referred to as “cost of living adjustments”)
 2. additional changes affecting compensation based on tenure (“steps”)
 3. additional changes affecting compensation based on educational credentials (“lanes”)
 4. health benefit cost increases
 5. total cost impact
- School district officials should identify, describe, and to the extent possible quantify the cost impacts of state mandates on school operations.

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II. Introduction

In the 2015 legislative session, state support for K-12 education was once again a hot button issue. Nearly everyone agreed on the need for an increase in state aid to schools. However, the debate featured added political intrigue because school districts themselves were quite critical of the size of the proposed increases – even proposals coming from staunch K-12 political allies.

Despite policymakers enacting a 2% increase in basic formula aid for fiscal years 2016 and 2017 (on top of a 3.5% total increase from the previous biennium), news stories continue about the “fiscal cliff” facing school districts, staff lay-offs, program cuts, and pushes for more operating levies. According to the Minnesota School Board Association, in spite of these increased aids 35 school districts sought operating referenda this November that would have provided new money for their general operating budgets (i.e., were not renewals of existing referenda).

Is a 2% per year increase in per-pupil funding for schools enough? Is 3% needed? More? Should 1% be able to suffice? Why and on what basis? Answering the question how much state education aid is “enough” is very difficult for a fundamental reason: although the state exercises substantial control of school districts’ revenues through aid appropriations, it has much less influence over the unique cost structures which exist for K-12 education programming and delivery in over 300 independent school districts across Minnesota.

Ultimately, most government spending translates into some type of purchase, and for school districts those purchases are predominantly labor. According to the Minnesota Department of Education, spending on total compensation (salaries and benefits) was 77.1% of total school district general fund spending – which finances most day-to-day school operations – in 2014.¹ It’s clear labor costs and their trends over time largely determine how far state financing will go in paying for districts’ educational programs. Moreover, the vast majority of school labor cost is the result of negotiated collective bargaining agreements with various employee unions.² This gives districts themselves considerable ability to influence and manage price inflation in what is by far their largest purchased input. As a result, the common litmus test of whether increases in state funding for education have been enough – “do they keep up with inflation?” – turns out to be a more complicated concept and policy issue than is commonly depicted.

In this report we take a closer look at the recent relationship between school district labor costs and state education aid and what it means for education aid provision and distribution going forward. Specifically we examine three questions:

1. Does providing basic education aid using a per pupil amount that is the same for all districts result in relatively similar compensation trends among all districts?
2. What is the relationship over time between district employment changes (which drive district costs) and district enrollment changes (which drive district revenue)?
3. How is the labor purchasing power of the additional basic education aid the state provided in 2015 affected by district-level employment costs and trends?

We end with concluding thoughts and recommendations for state education finance based on this analysis.

¹ General Fund spending represented 78% of all school district spending statewide in FY 2014. Schools spent the other 22% from other funds for food service, community service (including ECFE), building construction, and debt service.

² Minnesota Statutes §179A.03 subd 19 stipulates that public employees may not collectively bargain pension benefits or contributions.

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Analysis and Findings

III. Analysis and Findings

Question 1: Does providing basic education aid using a per pupil amount that is the same for all districts result in relatively similar compensation trends among all districts?

Finding: No, there is considerable variation across districts in any given contract period as well as over multiple contract periods.

When state government took over the general education levy in 2001, effectively replacing \$1.3 billion in local property tax support with state aid obligations, Minnesota's constitutional commitment to funding K-12 education was taken to another level. Although the share of revenue from state sources has declined since 2002 (the first year under the new finance system), 83.1% of school general fund revenue still came from the state as of 2014, according to information from the Minnesota Department of Education. Most of that (roughly two-thirds) comes from basic per pupil formula aid – now \$5,948 per pupil for fiscal year 2016. Basic per pupil formula aid is the workhorse of the state's education finance system and, unsurprisingly, the prime focus in debates over education finance.

Given both that the basic formula aid is so significant to district finances and that the amount the state awards per pupil is the same for all districts across Minnesota, we might expect that contract settlements would not vary considerably from district to district. Rather, they would be homogenous, with any change more or less reflecting changes in the amount of aid the state has been willing to provide.

To explore this relationship, we obtained data from the Minnesota School Boards Association (MSBA) on contract settlements between teachers and school districts that cover a ten-year period (between fiscal years 2006 and 2015). These self-reported summaries document the changes in salary and benefits (i.e. total compensation) costs districts expected to incur – both in total and on a per employee (FTE) basis³ – over each two-year contract period. Three caveats are important to note in this analysis. First, retirements, layoffs, and other adjustments to teaching staff mean that the actual teacher compensation growth any district actually realized over a contract period differs from what these financial summaries project for that period. Second, since these financial summaries deal only with teacher contract settlements, they capture only a portion of the compensation cost growth a district would project over a coming two-year period. Nevertheless, these summaries present the best snapshot available of the promises districts made to their employees about compensation over the near future – promises that the districts would need to plan for in assembling their budgets. Finally, while this data covers a large majority of districts – roughly 90% in any year – since the reporting is not mandatory not all districts are included.

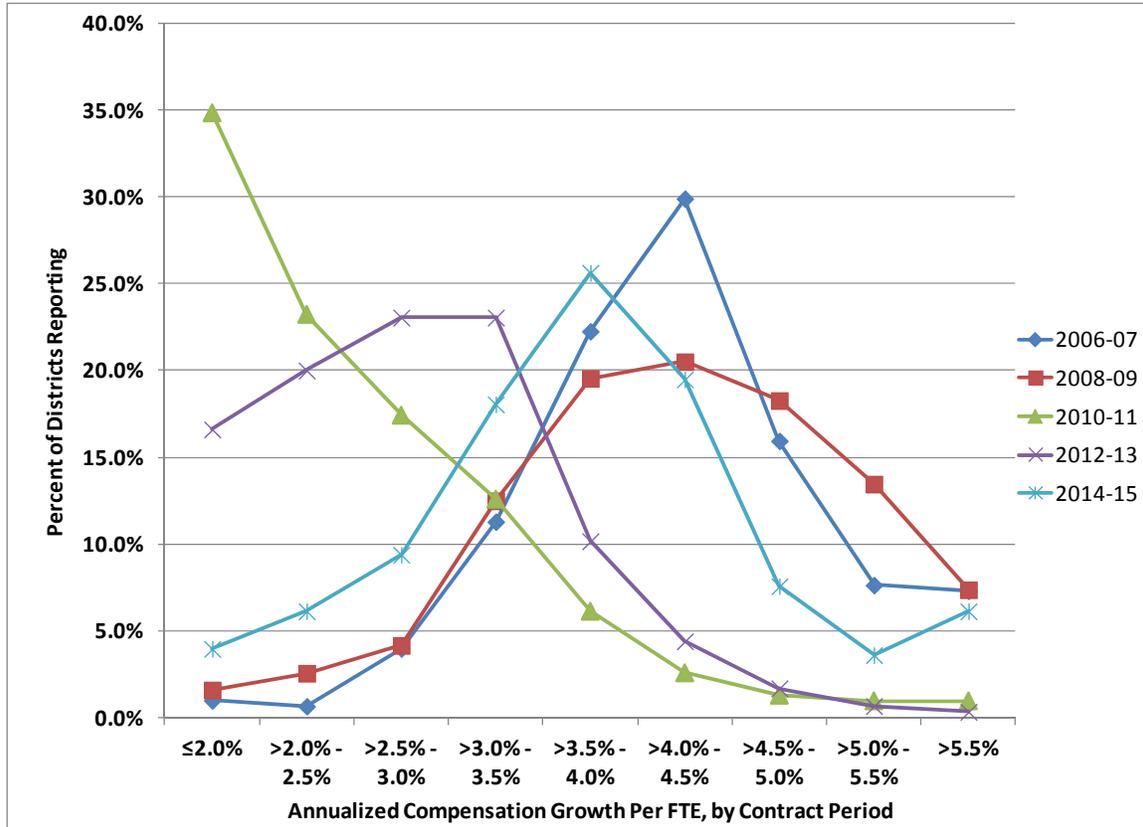
Figure 1 summarizes the trends over the past ten years. Unsurprisingly, overall patterns of total compensation growth tend to reflect the general economic conditions surrounding the negotiations. As the figure indicates, nearly three-fourths of the contracts agreed to for fiscal years 2010-11 – the first contracts negotiated in the wake of the Great Recession – provided for annual total compensation cost increases of 2.5% per FTE or less. Other contract periods coinciding with better economic conditions generally reflect higher cost growth per FTE.

³ We use full-time equivalent (FTE) positions as the basis for analysis because they allow for comparisons of district workforces by controlling for differences in the proportions of part-time employees. This is done by converting part-time positions to full-time equivalents. For example, a 20 hour-per-week position converts to 0.5 FTE. Full-time positions equal 1.0 FTE and do not need to be converted.

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Since districts rely so heavily on basic aid delivered on a per pupil basis that is the same everywhere, we might expect to see considerable uniformity in negotiated salary and benefit cost growth across the state. However, in spite of this uniform basic aid distribution, there is significant diversity in the compensation changes school districts agree to with their teachers in any contract period, as the ten-year history demonstrates. Growth in compensation costs generally ranges between 2% and 5% per FTE annually, with the distribution often taking the shape of the familiar bell curve. In any given contract period, school districts' management of the biggest element of their cost structures appears far from homogeneous.

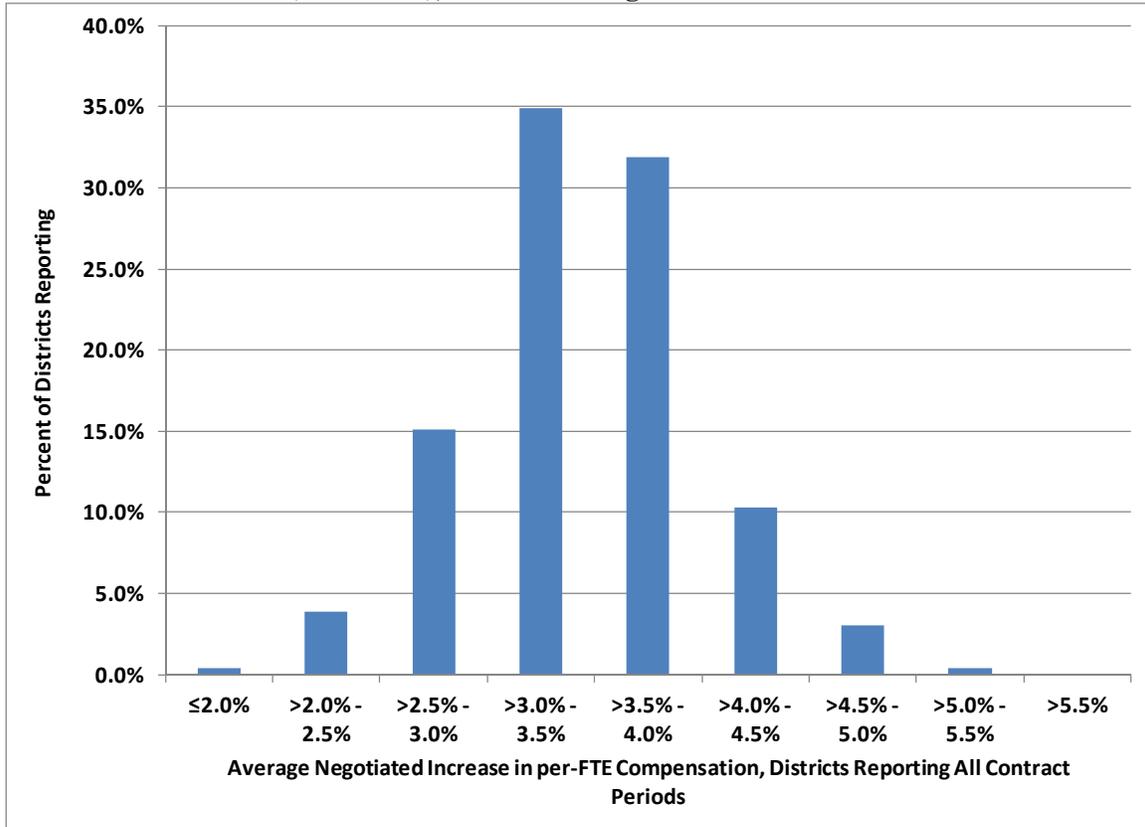
Figure 1: Growth in District-Paid Salary and Benefit Costs per Teacher (FTE Basis), All Contract Periods Between 2006-07 and 2014-15



One possible explanation for this variation is that district-specific contexts and special circumstances will drive larger differences between districts in any single contract period, but over a longer period the variance across districts will decrease as all districts respond to the same general statewide budget and economic realities. To test this idea, we examined the 232 districts for which MSBA provided settlement data for all five contract periods between FY 2006-07 and FY 2014-15 (Figure 2).

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Figure 2: Average Growth, per Districts, in Negotiated Salary and Benefit Costs per Teacher (FTE Basis), 2006-07 through 2014-15 Contract Period



When looking at the average over a ten-year period we see that the variance in per-teacher compensation cost growth among districts does decrease. As the figure indicates, about two-thirds of the time the contracts these districts negotiated over this period provided for a 3% to 4% increase in compensation costs, on average. However, as the figure suggests, even over a ten-year period a bell curve distribution pattern remains. While longer periods of analysis do reduce the variability, considerable diversity remains in how school districts manage their primary cost element.

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Question 2: What is the relationship over time between district-level employment changes (which drive district costs) and district level enrollment changes (which drive district revenue)?

Finding: Districts again exhibit considerable diversity including frequent examples of what are seemingly counterintuitive relationships – declining employee counts accompanying rising pupil counts and increasing employee counts accompanying declining pupil counts.

The state delivers most of its aid to school districts using formulas based on pupil counts, but districts' operating costs primarily stem from employee counts. The stronger the relationship between student counts and district employment, the more robust and healthy the education finance system is likely to be. If that relationship is weak concerns will more likely arise both about whether “enough” state aid is being delivered and whether it is being delivered in the appropriate amounts to the appropriate districts.

We examined the relationship between district staffing and pupils served using data from the Minnesota Department of Education. Beginning with fiscal year 2006-07 (the first year for which complete staffing counts by district are available), we gathered data on full-time equivalent staffing (teachers and non-teachers) for all school districts⁴ and compared that with changes in pupil counts over that same period. We combined data for districts consolidating between 2006-07 and 2013-14 to treat them as one district for the entirety of the period. Figure 3 shows the results.

As the scatter plot shows, the expected correlation does exist between district staffing levels and pupil counts. A simple best fit line indicates that overall, for every 1% change in pupil counts there is a .7% change in staffing. In other words, on a percentage basis staff changes occur 70% as fast as pupil changes. The changes most school districts experienced over time are intuitive: increasing student counts paired with increasing staff levels or vice versa. However, over a quarter of school districts have experienced changes that could be described as unexpected – increasing staff with declining pupil counts and vice versa. Figure 3 can be divided into four quadrants – following is a description of each.

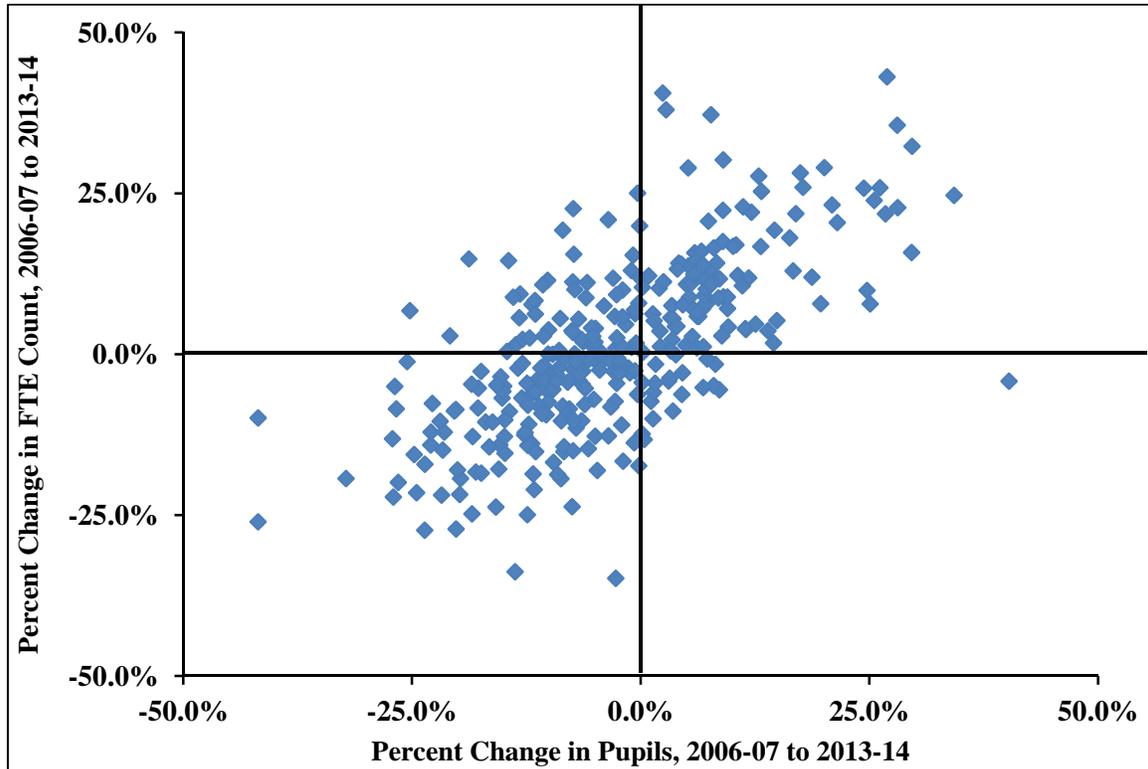
- **Growing Pupil Counts / Growing Staff:** The top right quadrant consists of the 103 school districts that grew in both students and staffing over the study period. Representing 38.1% of the statewide enrollment in traditional public schools in 2013-14, the segment includes three of the largest ten school districts in the state – Elk River, Rochester, and South Washington County. The median growth in student count for these districts over this period was 8.0%, while the median growth in FTE was 11.7%. Compensation per FTE grew by a total of 15.6% over this period for these districts as a whole.
- **Declining Pupils / Declining Staff:** This quadrant (bottom left on the figure) has the largest number of Minnesota's school districts (140). Perhaps unexpectedly, the districts populating this quadrant include seven of the ten largest in the state – Anoka-Hennepin, Lakeville, Minneapolis, Osseo, Robbinsdale, Rosemount-Apple Valley-Eagan, and St. Paul. Together, this group comprises the largest share (42.5%) of statewide enrollment in traditional public schools in 2013-14. The median decline in student count for these

⁴ The analysis does not include every school district. We omit the Houston School District because its operation of the Minnesota Virtual Academy has resulted in massive growth in students that are not physically present. We also omit the McLeod West, Buffalo Lake-Hector-Stewart, Glencoe-Silver Lake, and Gibbon-Fairfax-Winthrop districts. McLeod West dissolved after 2008-09 into the other three districts, and we have no reliable method to allocate its pupils and spending accordingly.

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districts was 11.0%, while the median decline in FTE was 8.5%. Compensation costs per FTE for this group of districts over the study period increased 20.1% – the largest of any sub group.

Figure 3: Percent Change in Pupils and Percent Change in FTE Counts, Minnesota School Districts, FY 2006-07 to FY 2013-14



- **Declining Pupil Counts / Growing Staff:** The top left quadrant is comprised of 64 districts that, in spite of declining enrollment (6.4% at the median) and the associated loss of revenues, still featured growing district employment levels (5.7% at the median). Representing 15.8% of total 2013-14 public school enrollment, this group featured the slowest growth in compensation cost per FTE over the study period at 12.1%. One explanation for this concerns staff demographics – in a district where a higher proportion of the workforce is near retirement age, a wave of retirements can provide the ability to increase staffing without increasing compensation. However, in some cases this relationship is likely the result of a tradeoff between compensation growth and employment increases.
- **Growing Pupil Counts / Declining Staff:** The bottom right quadrant reflects the 20 districts that cut staff levels (4.7% median reduction) over the study period in spite of growing student populations (3.3% at the median). Representing a tiny 3.6% of public education enrollment in 2013-14, compensation cost per FTE grew by 19.4% over this period.

These findings demonstrate additional variability across school districts – in this case regarding the relationship between a district’s primary source of cost (labor) and its primary source of revenue (students). Moreover, the relationships between pupil count changes and staffing levels are complicated, reflecting characteristics of the education environment over which the district has significant influence (e.g. negotiated contracts and education program offerings) some influence (e.g. voter approved referenda levies, access to other supplemental

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aids from the state) and little if any influence (e.g. at risk youth and special education populations). All this presents significant challenges to the state as it provides support to school districts.

Question 3: How is the labor purchasing power of the additional basic education aid the state provided in 2015 affected by district-level employment costs and trends?

Finding: Hugely. The purchasing power of new per pupil basic education aid varies tremendously across the state.

The price of education labor varies significantly across Minnesota. District-specific salary schedules, staff tenure and education levels create cost differentials between districts. However, market forces – including the cost and desirability of living in a particular geographic area or region – also influence differences in the price of educator labor.

Previous academic studies have found the variability of teacher cost differences in Minnesota to be particularly large. In one early national study exploring how to compensate for the purchasing power of the educational dollar in different locations, Minnesota ranked among the top five states in the nation in having the largest in-state variation.⁵ It is likely that the same variability also applies to non-teaching employees such as administrative and support personnel or other non-licensed school staff.

How does the labor purchasing power of state basic education aid vary today across Minnesota, and how might districts absorb the recent 2% per year increase in the basic education formula? To assess this, we created a common denominator for analysis and compared changes in each district’s total compensation cost per student with changes in the per-student basic formula aid amount.

Using Minnesota Department of Education data, we calculated each district’s total compensation cost per student for all employees in FY 2014 (latest available data) as well as the average annual growth rate in that measure for each district since 2007 (earliest available data). We used those growth rates to estimate each district’s growth in compensation per student through FY 2017. We then compared these projections with the increased per pupil basic aid now scheduled to phase in through FY 2017. Importantly, this controls for changes in pupil count, since we are measuring growth in both compensation and revenues on a per-pupil basis instead of in the aggregate. See the Appendix for the results for all school districts.⁶

The results – stated below – again confirm a recurring theme: results vary significantly among districts making generalized statements about whether the recent formula increases are sufficient very difficult:

- Annual growth trends in compensation costs per student vary dramatically between districts over this seven-year period, ranging from a high of 12.2% to a decline of -3.7%.
- In 240 of the 326 districts (74%), we project that growth in compensation costs per student through FY 2017 will exceed the new increase in basic formula aid per student. Within this group of 240 districts, the median shortfall is \$225 per student (helping to explain why many school districts were strongly arguing for a 3% or more per year increase in basic formula aid.) If adjustments in other state education aids are not able to

⁵ Jay Chambers, “Public School Teacher Cost Differences Across the United States: Introduction to a Teacher Cost Index” National Center for Education Statistics, 1995.

⁶ As before, the analysis excludes the Houston, McLeod West, Buffalo Lake-Hector-Stewart, Glencoe-Silver Lake, and Gibbon-Fairfax-Winthrop districts. See Footnote 4 for details.

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make up the difference, it implies some form of budget cuts, property tax increases, or a combination of both may be forthcoming for these districts.

- We project that in the other 86 districts (26%), additional per pupil aids will exceed the increase in per pupil district compensation costs through FY 2017. The median “surplus” per student is \$95. Notably, however, 12 of these districts featured *negative* growth in compensation cost per student from 2007-2014, likely signaling recent turnover where lower cost staff replaced higher cost staff and/or actual staff reductions. For these districts and perhaps others, the “surplus” per pupil aid provides an opportunity to begin restoring some educational program staffing without additional local effort.

Just as evaluating whether aggregate levels of education aid have been sufficient in past years is problematic due to district variation, looking ahead to what future requirements might be presents similar challenges. However, a very crude estimate of future costs based on trends and current projections offers some insight to the future commitment required.⁷ School general fund compensation costs totaled \$7.2 billion in 2013-14. To project those costs forward we assume the following:

- There will be no changes to the compensation designs that currently exist in collective bargaining
- Statewide pupil counts will change per estimates prepared August 2015 by the Minnesota Department of Education in conjunction with the State Demographer – with total pupil count in 2029 1.8% higher than in 2014
- The current ratio of total students to total employees, on a statewide basis, remains constant at 7.51 students per staff member
- Total compensation per FTE increases at 3% per year through FY 2029 – continuing recent trends

Based on these assumptions, our calculations suggest that total school general fund compensation will be \$1.3 billion higher by 2019 and \$4.2 billion higher by FY 2029. However, the state is projecting only 1.8% growth in K-12 students between 2014 and 2029 (peaking in 2022 and then declining through 2029). Given so few additional students generating additional dollars through the various formulas, very little of this \$4.2 billion in additional compensation could be financed through the basic education aid formula as it currently stands in law.

To put this \$4.2 billion in perspective, if the state were to finance 100% of these costs through new basic formula aid (thereby providing all districts on a relatively equal basis while insulating local property taxpayers from these cost increases), this translates into a 4.1% average growth in the basic aid formula allowance between FY 2014 (\$5,831 per pupil) and FY 2029 (\$10,678 per pupil). (If the current split in total general education revenue is maintained – 80% from the basic aid formula and 20% from other sources – then the basic aid formula allowance would need to be increased by 2.6% per year with an additional roughly \$840 million flowing through increases in the other general education revenue components.) Note that, even if the state were able to dedicate these sums of money toward K-12 schools, district-level differences in salary growth and changes in student count create distributional issues that would need to be addressed appropriately.

However, these estimates are likely based on a conservative projection of districts’ additional costs by 2029 for four reasons. First, the estimate does not factor in any price inflation or increased demand in the approximately 20% of their general fund spending that goes toward purchases besides labor (i.e., goods and other services). Second, it fails to factor in state

⁷ Data limitations require that we include both traditional public and charter schools in this projection.

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requirements that districts reserve a portion of their general education revenue for staff development, and operating capital revenue. Third, in instances where the labor market creates teacher shortages, school districts will face supply and demand imbalances with accompanying inflationary pressures. Finally, it ignores the potential for sizeable future increases in district contributions for underfunded pensions.

The unfunded pension liability for the pension plan covering nearly every teacher in Minnesota is \$6.4 billion⁸ or roughly \$7,500 per K-12 pupil. This is on top of the unfunded obligations for school districts' non-teaching employees, which cannot be easily segregated within the pension plan that covers them. Crucially, actuaries compute the current value of the pension plan's liabilities by taking the total liabilities over time and discounting them at a rate of 8.0%. This means that all pension liabilities – including the existing \$6.4 billion in unfunded liability – are not fixed but are compounding at an annual growth rate of 8.0%. The combination of investment returns plus ongoing employee and employer contributions to the pension fund must be able to pay off this compounding liability over time *and* adequately finance new pension obligations that employees continue to earn. If that proves insufficient, school districts' pension costs will increase and our 4.1% average growth rate estimate would likely be understated.

⁸ Based on projections provided by the Teachers Retirement Association for the July 1, 2015 actuarial valuation. Measured using the actual market value of the pension plan's investment assets, which reflects the plan's current condition, not the "actuarial value".

Conclusions and Recommendations

IV. Conclusions and Recommendations

As this analysis shows, the relationship between the primary source of K-12 costs and the primary source of K-12 revenues is an exceptionally complicated one. Providing a uniform amount of per pupil formula aid to all districts does not translate into similar district compensation trends or patterns. The relationship between a district's employment changes and its enrollment changes is highly variable and, in over a quarter of school districts, counterintuitive (declining student counts with growing staff or increasing student counts with declining staff). Finally, there are very large differences in the labor purchasing power of any additional formula aid provided to districts.

All of this suggests several implications for debates about future basic per pupil aid growth and future aid distribution.

1. "Education inflation" and aid sufficiency are both district-specific conditions and heavily district-influenced conditions. Education finance policymakers should recognize this as such when determining how the state will support local school districts.

Inflation in the delivery of K-12 education is largely defined by rising prices of labor purchases, and as these findings show, school districts experience considerable diversity with respect to this issue. Moreover, through the collective bargaining process, districts participate in establishing much of the price paid for their own labor inputs. Even the cost of employee health care – where it may seem that the private market imposes price inflation on school districts – is influenced by the results of the collective bargaining process both through key negotiated plan features (such as deductibles and co-pays) as well as by how insurance premiums themselves are shared between the employer and the employee.

This conclusion's primary implication is that the common practice of evaluating education finance sufficiency based on tracking aggregate school district revenues or spending totals and adjusting them by some national inflation measure is crude at best and highly misleading at worst. District specific labor cost structures – both controllable and uncontrollable – have a major influence on how far state funding will go toward financing districts' spending decisions. Imputing a state-level analysis onto district specific conditions often communicates a distorted picture about how districts' spending – with the accompanying implications for financing – has changed.

2. The distribution of supplemental state general education aids and other aid programs designed to compensate districts for having more challenging and costly educational environments should be based on a strong understanding, and if possible quantification, of the impact these conditions and factors have on district labor requirements and accompanying costs.

The state estimates that school districts will receive \$5.5 billion in revenue in fiscal year 2016 through the basic formula allowance – the workhorse of state general education aid. However, the state provides 13 other types of general education revenue to districts totaling approximately \$1.5 billion. Many of these aids are designed to address district specific conditions and environmental factors largely outside of a district's control but which nevertheless create a more costly environment for education delivery. Examples include compensatory aids for concentrations of poverty, aids to support English learners, and aids to ensure adequate and acceptable education programming in geographically isolated districts. Such aids can be politically controversial, but their rationale is well justified in the literature. It may seem a paradox to some, but greater equity in the delivery of education services is often supported by greater per pupil inequities in the provision of state aid.

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However, designing these aid programs and accompanying formulas well is critical to achieving their policy purposes in an efficient and effective manner. Because so much of this aid ultimately translates into labor cost, the state ought to distribute supplementary aid based on an empirically rigorous understanding of how these factors and conditions influence district labor costs through staffing needs, prices paid for those staff, or both. Our analysis suggests there are two areas where refinements and improvements may be necessary.

Declining Enrollment Aid

The number of Minnesota school districts experiencing declining enrollment has particular relevance for education finance in the state. Whether it be due to demographic changes, population migration patterns, the influence of private and charter school options, homeschooling, or some combination of all of the above, 62% of districts – representing 58% of the students in traditional public schools in 2013-14 – have faced an eight-year trend (2006-07 to 2013-14) in which any increases in basic formula aid have been at least somewhat offset by the loss of students.

The financial challenges declining enrollment creates for districts are compounded by the fact that over the short term, school district labor costs are more fixed than variable. In most industries labor costs are variable – changing in relation with the amount of output being produced. In contrast, K-12 labor levels and accompanying costs exhibit strong fixed cost characteristics, especially in the short to medium term. Districts must staff administrative functions regardless of the number of students being served. Classroom employment is also highly inelastic to declines in students over the short term because pupil declines are commonly “spread out” over multiple grades making it hard to eliminate classrooms. The influence of issues like tenure and mandated special education staffing requirements only compound labor cost inflexibility.

Recognizing that districts that lose per pupil funding cannot readily cut spending on personnel, the state has historically offered some aid for declining enrollment. The most recent version, enacted in 2015, provides 28% of the formula aid allowance multiplied by the number of year-on-year lost pupils. Essentially, for every four pupils a district loses, the state will compensate the district for one of them – for just one year.

Whether this current compensatory revenue design adequately addresses the economics of declining enrollment is debatable. A loss, for example, of 50 pupils spread equally over 13 grade levels translates into slightly less than four fewer children per grade – unlikely to enable classroom operating cost restructuring. Yet those lost pupils amount to nearly \$300,000 in lost basic aid revenue annually for the district. One opportunity that may be worth investigating is consolidating or coordinating compensatory aid programs with a common labor root. Small schools revenue, sparsity revenue, and declining enrollment revenue all have a fundamentally common nexus: the relationship between staffing costs and the delivery of adequate educational programming in increasingly “pupil-challenged” locations.

Reforming or redesigning compensation for declining enrollment still entails care and ongoing evaluation for two reasons. First the potential for additional resources to simply be appropriated by the existing labor force through the collective bargaining process always remains. Second, it remains important to avoid creating disincentives for needed cooperative educational and administrative programming with neighboring districts or other forms of education delivery innovation.

Implementing Geographic Cost Adjustments

As our analysis shows, different geographic areas of Minnesota have very different education labor cost structures. As a result, the labor purchasing power of any given amount of state aid

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varies significantly across the state. Since the mid-1970's considerable research has been done nationally on how to develop teacher cost indexes to allow states to adjust for the purchasing power of educational dollars in different locations. Based on the latest information we can find, ten states currently include some form of geographic cost indices in their basic school funding formulas.

From the standpoint of improving equity in aid distribution, how you adjust can matter as much as whether you adjust. The accompanying table summarizes the three most popular strategies for adjusting aids to accommodate geographic wage differentials and improve equity. Each has its strengths and weaknesses from a design, development, and implementation perspective.

Strategy	Objective	Data Used to Adjust Aid
Cost of Living	Compensate for higher uncontrollable employee costs of living within a commutable distance to work (primarily housing)	Some basket of goods and services
Comparable or Competitive Wage	Provide the wage required to keep a person with specific skills and education within a specific labor market	Wage differentials across regions of non-teachers based on their place of work
Hedonic wage	Provide the wage required to recruit and retain teachers with specific attributes	Wages of teachers controlling for skills, education, location, working conditions and other attributes

A recent study by the University of Minnesota found that both a competitive wage and hedonic wage analysis revealed significant cost differences across districts in the state with district labor costs ranging up to 12% above the state average depending on the method employed⁹.

Practically, such aid adjustments have political repercussions potentially driving resources toward some districts and away from another. Moreover, geographic cost adjustments can look like a subsidy of higher income districts or regions (and appear to undermine equity). For both these reasons, geographic cost adjustments have failed to gain traction in Minnesota. However, we believe geographic cost adjustments based on comparable wage or cost of living methods using broader regional (rather than district-specific) data merits closer examination. It offers the opportunity to adjust for the differences in purchasing power of educational aids in different locations while minimizing the influence current negotiated compensation schedules would have on the outcomes.

3. Alternative compensation designs are needed going forward to complement state per pupil aid and ensure sustainability in education finance.

Our conservative estimate that 4.1% annual increases in the per pupil basic formula amount would be needed to maintain the status quo while holding property taxes harmless presents a major policy challenge. As 2015 events demonstrated, coming to agreement on just half that amount in some of the best economic conditions the state has experienced in some time proved to be politically difficult. More importantly, the policy challenge will only grow in light of demographics. Minnesota's 2009 *Budget Trends Study Commission* highlighted in great detail the revenue and spending challenges presented by a rapidly growing senior

⁹ Nicola Alexander, Hyunjun Kim and Samantha Holquist, "Locating Equity: Implications of a Location Equity Index for Minnesota School Finance", University of Minnesota, December 2014.

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population. Given the cost of caring for an aging population in the years ahead, it will become increasingly difficult for education appropriations to generate the type of per pupil formula increases suggested by our estimates. In addition, as the number of empty nester households grow, support for operating referenda may become more challenging.

What can be done? As education scholars have noted¹⁰ one potentially valuable source of funds may lie within – the redesign of compensation structures and repurposing of existing education compensation dollars for greater effect.

The traditional unified salary schedule has been the staple of education compensation for decades. Teachers appreciate its simplicity and understandability. Administrators appreciate the fact it is easy to administer and relieves them of the burden of justifying salary differentials based on merit, subject taught, or other related performance issues.

But common provisions in unified salary schedules obligate schools to spend large amounts of money on provisions that often lack a clear link to student achievement and learning.¹¹ The commonly rewarded characteristics – length of tenure and attainment of advanced degrees – are not necessarily the characteristics of high-quality teachers who may feel unappreciated and unrewarded because they know that lower performers in their district receive the same compensation. Teachers also often pay a price for the rigidity of the provisions, at least indirectly. Restricting resources that school districts could more effectively use elsewhere diminishes the quality of schools and, as such, the professional lives of teachers.

Looking at just these two common contract provisions – tenure and continuing education – demonstrates that the level of resources that could be repurposed in this way is significant. Teacher contracts generally include “steps” – negotiated salary increases provided to employees on the anniversary of his or her hiring date, and so are based on longevity. Teacher contracts are unusual in the public sector in that they generally provide teachers with the opportunity to earn additional salary for performing the same work by earning additional educational credentials. Known colloquially as “changing lanes”, this can take the form of earning an advanced degree (i.e., Master’s degree, Education Specialist degree, or Doctoral degree), or can take the form of earning additional college credits or other continuing education that does not result in an additional academic degree.

Data from the National Center for Education Statistics’ *Digest of Education Statistics* indicates that 60.3% of Minnesota teachers in 2011-12 – the most recent year for which all data we need for the analysis is available – had an advanced degree (master’s or above). Salary data from the same source suggests that educators with master’s degrees earn 19.7% higher salaries than educators with bachelor’s degrees who have similar tenure. This indicates an overall master’s degree increment of 11.9% of payroll – equal to \$413 million of all teacher payroll across Minnesota in 2011-12. Note that this is a conservative estimate of the true cost of salary increases for advanced degrees since it does not consider the additional increments awarded to educators who earn advanced degrees beyond a masters degree.

Data from the same source indicates that the average teacher salary in Minnesota for 2011-12 was \$54,959. If we adjust for the 11.9% premium for additional education calculated earlier, we estimate the the average salary less increment for additional education is \$49,112. The *Digest of Education Statistics* indicates that the average base salary for a Minnesota teacher

¹⁰ Marguerite Roza, “Frozen Assets: Rethinking Teacher Contracts Could Free Billions for School Reform” *Education Sector*, 2007

¹¹ Studies generally find no relationship between advanced degrees and higher test scores or other measures of higher student achievement. The exception to this general rule appears to be in pursuing continuing education and mastery of a specific topic like math (as opposed to educational theory).

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with a bachelor's degree and 2 or fewer years teaching – i.e., those teachers at the bottom of their respective pay schedules – was \$35,830 in 2011-12. Based on this data, we estimate that the average salary increment for tenure is 37.1% (\$49,112/\$35,830). Thus, given total payroll of \$3.882 billion for classroom educators in 2011-12 (per the Minnesota Department of Education's *Consolidated Financial Statement* for all districts statewide for that year), the cost to districts for longevity-related pay was approximately \$938 million.

Our rough estimate of \$1.3 billion in current compensation that could be refocused on initiatives that have demonstrated better educational outcomes excludes another potential dimension of compensation reform: more flexible individual compensation options thereby giving employees more discretion to tailor their total compensation packages (e.g. choices in salary and benefit mix) to specific circumstances and needs. Such opportunities may offer a way to improve employee satisfaction and retention using existing compensation resources.

Many interpret proposals to move away from the traditional unified salary schedule as nothing but a thinly-disguised attack on teachers and teacher unions. In fact, support for this idea can be found within the educational profession, progressive interests, and even union membership. Twenty years ago, the National Commission for Teaching and America's Future – a teacher advocacy organization – recommended “developing career continuum and compensation systems that reward knowledge and skill.”¹² The progressive Economic Policy Institute has stated, “it is increasingly clear that the single-salary schedule must be re-designed for a new generation of teachers.”¹³ And a teachers union leader in Denver has this to say about their implementation of “ProComp” – the pioneering effort in alternative compensation design:

“For people impatient to see the single salary schedule get out of the way, ProComp is not ambitious enough. In the final analysis, I think they are correct. ProComp is not an educational “silver bullet” or even a comprehensive solution to the unsolved problem of how to build a new form of teachers’ pay. We recognize, however that we are in an exceptional moment, one where the single salary schedule can no longer support the pressures placed on it by the expectations of a 21st century public education system.”¹⁴

In 2005, state legislators and Governor Pawlenty enacted the Q Comp program, which requires participating districts to develop an educational improvement plan and an alternative pay system. However, the state provides very little money for this purpose (projected state aid of \$79.5 million in FY 2015), much of which goes toward staff development purposes and not staff compensation. Even in Q Comp districts the traditional single salary schedule driven by tenure and the accumulation of education credentials remains the cornerstone of educator compensation. Q Comp's relatively minor impact on underlying compensation structures is probably not surprising. Moving towards alternative strategies rooted in quality and performance is politically contentious and can be challenging to design responsibly without creating other unintended consequences. Our findings, however, suggest the push for alternative compensation design is rapidly evolving from a debatable policy discussion to an undebatable fiscal necessity.

¹² “What Matters Most” National Commission on Teaching and America's Future, 1996

¹³ *Redesigning Teacher Pay: A System for the Next Generation of Educators*, Economic Policy Institute, 2009

¹⁴ Brad Jupp, “The Uniform Salary Schedule: A Progressive Leader Proposes Differential Pay,” *Education Next*, Winter 2005

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4. There is a need for significantly greater public transparency of collective bargaining agreements

As we have highlighted, the fiscal outcomes from collective bargaining agreements have potentially huge implications for how far the resources the state makes available will go in covering district costs. There is always the potential that the new resources the state makes available to districts will simply be appropriated by the existing workforce through the collective bargaining process. This is not a criticism of collective bargaining in the public sector; it is simply a fact of public sector collective bargaining.

Frequently lost in the politics of public unionization is this important idea: it is a primary responsibility of public sector unions to aggressively pursue the private interests of their membership in contract negotiations. Whether one agrees or disagrees with the concept of public sector unions, the use of collective bargaining constructs in the public sector presents some very unique and special challenges. At the top of the list is that it pits private labor interests not against owners of capital but potentially against the broader public interest as represented by elected officials and their appointees.

As a result, taxpayers must have every opportunity to evaluate how well their officials are respecting that balance and defending the interests of students and the broader public. This is an idea that is essential to improving accountability and transparency in government but unfortunately one that is too easily represented as “bashing” employees or questioning their compensation levels.

Specifically, we recommend that:

- Upon the conclusion of a collective bargaining agreement, school districts make information about how changes in the following items will impact district finances over the course of the contract:
 1. changes that affect all employees equally (sometimes referred to as “cost of living adjustments”)
 2. additional changes affecting compensation based on tenure (“steps”)
 3. additional changes affecting compensation based on educational credentials (“lanes”)
 4. health benefit cost increases
 5. total cost impact
- School district officials should identify, describe, and to the extent possible quantify the cost impacts of state mandates on school operations. Of primary concern are general fund subsidization of special education costs and mandated increases in employer contributions for underfunded retirement plans.

Appendix: Comparing the 2015 Basic Aid Increases to Projected Growth in Compensation Costs, by District

V. Appendix: Comparing the 2015 Basic Aid Increases to Projected Growth in Compensation Costs, by District

About the Table

- Column 1 is total compensation (teachers and non-teachers) per student for Fiscal Year 2014, based on information from the Minnesota Department of Education
- Column 2 shows the average annual growth in districts' total compensation per student from FY 2007 (the earliest information available) through FY 2014
- Columns 3-5 project this historical rate forward to estimate the total district compensation cost per student through FY 2017
- Column 6 shows the difference in per-student compensation between FY 2015 and FY 2017
- Column 7 is the difference between this estimate and the \$236 per pupil increase in basic education aid each district will receive in FY 2017

Table 1: Projected Change in Compensation Costs per Student, FY 2014 through FY 2017, by District

Column Number	1	2	3	4	5	6	7
School District	Compensation Costs per Student, For All District Staff						
	<u>FY 13-14</u>	<u>2007-14</u>	<u>FY 14-15</u>	<u>FY 15-16</u>	<u>FY 16-17</u>	<u>FY 16-17 vs</u>	
	<u>Actual</u>	<u>Annual</u>	<u>Estimated</u>	<u>Projected</u>	<u>Projected</u>	<u>Total</u>	<u>Vs \$236</u>
		<u>Growth</u>				<u>Growth</u>	<u>Basic Aid</u>
							<u>Increase</u>
A.C.G.C.	7,735	2.8%	7,953	8,177	8,407	454	(218)
ADA-BORUP	9,195	3.2%	9,490	9,794	10,108	618	(382)
ADRIAN	6,988	3.6%	7,242	7,505	7,777	535	(299)
AITKIN	7,193	1.8%	7,326	7,461	7,599	273	(37)
ALBANY	7,385	2.6%	7,578	7,777	7,980	402	(166)
ALBERT LEA	9,985	4.5%	10,431	10,897	11,384	953	(717)
ALDEN-CONGER	6,552	(0.3%)	6,532	6,513	6,493	(39)	275
ALEXANDRIA	7,316	0.1%	7,324	7,332	7,340	16	220
ANNANDALE	7,255	2.6%	7,442	7,633	7,830	388	(152)
ANOKA-HENNEPIN	9,113	2.8%	9,371	9,636	9,909	538	(302)
ASHBY	7,160	2.9%	7,366	7,577	7,795	430	(194)
AUSTIN	9,166	3.2%	9,459	9,760	10,072	613	(377)
BADGER	8,080	1.0%	8,160	8,241	8,324	164	72
BAGLEY	7,128	1.3%	7,218	7,309	7,401	183	53
BARNESVILLE	6,686	2.4%	6,843	7,005	7,170	327	(91)
BARNUM	7,650	2.5%	7,842	8,039	8,241	398	(162)
BATTLE LAKE	7,064	2.6%	7,249	7,439	7,634	384	(148)
BECKER	7,708	2.8%	7,922	8,142	8,368	446	(210)
BELGRADE-BROOTEN-ELROSA	7,491	0.2%	7,504	7,518	7,531	27	209
BELLE PLAINE	6,810	4.5%	7,117	7,437	7,772	655	(419)
BEMIDJI	9,076	1.5%	9,212	9,351	9,492	280	(44)
BENSON	7,982	2.5%	8,185	8,394	8,607	422	(186)
BERTHA-HEWITT	8,349	4.1%	8,689	9,044	9,412	723	(487)
BIG LAKE	7,299	4.3%	7,610	7,934	8,272	662	(426)
BIRD ISLAND-OLIVIA-LAKE LILLIAN	6,860	1.3%	6,947	7,036	7,126	179	57
BLACKDUCK	7,758	2.0%	7,914	8,073	8,235	321	(85)

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Column Number	1	2	3	4	5	6	7
School District	Compensation Costs per Student, For All District Staff						
	<u>FY 13-14</u>	<u>2007-14</u>	<u>FY 14-15</u>	<u>FY 15-16</u>	<u>FY 16-17</u>	<u>FY 16-17 vs</u>	
	<u>Actual</u>	<u>Annual</u>	<u>Estimated</u>	<u>Projected</u>	<u>Projected</u>	<u>FY 14-15</u>	<u>Vs \$236</u>
		<u>Growth</u>				<u>Total</u>	<u>Basic Aid</u>
						<u>Growth</u>	<u>Increase</u>
BLOOMING PRAIRIE	6,913	1.4%	7,010	7,109	7,208	198	38
BLOOMINGTON	10,590	4.4%	11,058	11,548	12,059	1,000	(764)
BLUE EARTH AREA	7,984	1.5%	8,104	8,227	8,351	247	(11)
BRAHAM	7,264	3.0%	7,485	7,713	7,949	463	(227)
BRAINERD	8,762	2.4%	8,970	9,184	9,402	432	(196)
BRANDON-EVANSVILLE	6,426	0.5%	6,459	6,492	6,525	66	170
BRECKENRIDGE	8,261	3.3%	8,529	8,807	9,093	564	(328)
BROOKLYN CENTER	8,667	2.1%	8,851	9,040	9,232	381	(145)
BROWERVILLE	8,331	4.5%	8,706	9,098	9,507	801	(565)
BROWNS VALLEY	9,913	(1.0%)	9,813	9,713	9,615	(198)	434
BUFFALO-HANOVER-MONTROSE	7,338	1.9%	7,477	7,618	7,761	285	(49)
BURNSVILLE	9,760	3.3%	10,079	10,407	10,747	668	(432)
BUTTERFIELD	7,941	1.4%	8,048	8,157	8,267	219	17
BYRON	6,560	2.9%	6,749	6,943	7,143	395	(159)
CALEDONIA	7,888	1.3%	7,992	8,096	8,202	210	26
CAMBRIDGE-ISANTI	6,847	2.6%	7,024	7,207	7,393	369	(133)
CAMPBELL-TINTAH	10,383	0.1%	10,394	10,406	10,417	23	213
CANBY	7,945	1.4%	8,055	8,167	8,280	225	11
CANNON FALLS	6,352	1.0%	6,416	6,481	6,546	130	106
CARLTON	8,696	2.6%	8,918	9,146	9,380	462	(226)
CASS LAKE-BENA	10,338	0.6%	10,404	10,470	10,536	132	104
CEDAR MOUNTAIN	7,045	1.6%	7,155	7,266	7,379	224	12
CENTENNIAL	8,138	3.4%	8,415	8,702	8,998	583	(347)
CENTRAL	7,244	2.8%	7,445	7,651	7,863	418	(182)
CHATFIELD	6,430	2.4%	6,584	6,743	6,905	321	(85)
CHISAGO LAKES	7,495	3.1%	7,728	7,968	8,215	487	(251)
CHISHOLM	8,667	3.2%	8,945	9,232	9,528	583	(347)
CHOKIO-ALBERTA	6,638	(2.5%)	6,475	6,316	6,161	(314)	550
CLEARBROOK-GONVICK	7,482	3.5%	7,746	8,019	8,302	556	(320)
CLEVELAND	6,886	2.8%	7,078	7,276	7,480	402	(166)
CLIMAX-SHELLY	7,971	(3.7%)	7,674	7,388	7,114	(561)	797
CLINTON-GRACEVILLE-BEARDSLEY	9,325	3.7%	9,673	10,034	10,408	735	(499)
CLOQUET	7,307	2.0%	7,454	7,604	7,758	304	(68)
COLUMBIA HEIGHTS	9,153	3.3%	9,451	9,759	10,077	626	(390)
COMFREY	8,868	1.7%	9,023	9,181	9,341	318	(82)
COOK COUNTY	9,682	3.1%	9,979	10,285	10,601	621	(385)
CROMWELL-WRIGHT	7,294	0.1%	7,299	7,305	7,310	11	225
CROOKSTON	8,619	0.9%	8,694	8,769	8,845	151	85
CROSBY-IRONTON	6,875	0.8%	6,927	6,979	7,031	105	131
DASSEL-COKATO	7,210	3.5%	7,466	7,730	8,004	538	(302)
DAWSON-BOYD	8,623	1.5%	8,754	8,888	9,023	269	(33)
DEER RIVER	8,918	3.5%	9,231	9,556	9,892	660	(424)
DELANO	6,886	2.9%	7,084	7,288	7,497	413	(177)
DETROIT LAKES	8,123	2.8%	8,350	8,583	8,823	473	(237)
DILWORTH-GLYNDON-FELTON	6,701	2.3%	6,854	7,010	7,169	316	(80)

Appendix: Comparing the 2015 Basic Aid Increases to Projected Growth in Compensation Costs, by District

Column Number	1	2	3	4	5	6	7
School District	Compensation Costs per Student, For All District Staff						
	<u>FY 13-14</u>	<u>2007-14</u>	<u>FY 14-15</u>	<u>FY 15-16</u>	<u>FY 16-17</u>	<u>FY 16-17 vs</u>	
	<u>Actual</u>	<u>Annual</u>	<u>Estimated</u>	<u>Projected</u>	<u>Projected</u>	<u>FY 14-15</u>	<u>Vs \$236</u>
		<u>Growth</u>				<u>Total</u>	<u>Basic Aid</u>
						<u>Growth</u>	<u>Increase</u>
DOVER-EYOTA	6,528	3.4%	6,748	6,974	7,209	461	(225)
DULUTH	9,317	1.1%	9,418	9,519	9,622	204	32
EAGLE VALLEY	7,373	2.0%	7,519	7,668	7,819	300	(64)
EAST CENTRAL	7,875	0.2%	7,892	7,909	7,926	34	202
EAST GRAND FORKS	7,056	1.4%	7,152	7,249	7,347	195	41
EASTERN CARVER COUNTY	7,914	3.1%	8,160	8,415	8,678	517	(281)
EDEN PRAIRIE	9,623	3.4%	9,949	10,285	10,634	685	(449)
EDEN VALLEY-WATKINS	6,585	1.0%	6,649	6,714	6,780	130	106
EDGERTON	7,416	0.8%	7,472	7,529	7,586	114	122
EDINA	9,137	2.6%	9,370	9,610	9,855	485	(249)
ELK RIVER	7,829	2.7%	8,037	8,250	8,468	432	(196)
ELLSWORTH	9,306	4.5%	9,725	10,163	10,620	895	(659)
ELY	9,157	1.4%	9,283	9,410	9,539	257	(21)
ESKO	6,752	0.7%	6,798	6,845	6,893	94	142
EVELETH-GILBERT	8,089	3.9%	8,402	8,727	9,064	662	(426)
FAIRMONT AREA	6,352	1.3%	6,433	6,515	6,599	166	70
FARIBAULT	8,726	2.7%	8,962	9,204	9,453	491	(255)
FARMINGTON	7,123	2.4%	7,291	7,463	7,639	348	(112)
FERGUS FALLS	6,521	0.1%	6,525	6,528	6,531	7	229
FERTILE-BELTRAMI	9,143	2.8%	9,399	9,663	9,934	535	(299)
FILLMORE CENTRAL	6,540	0.8%	6,592	6,645	6,699	106	130
FISHER	6,783	0.5%	6,819	6,856	6,892	73	163
FLOODWOOD	9,611	2.0%	9,801	9,994	10,190	390	(154)
FLOYD	7,419	2.1%	7,575	7,733	7,895	320	(84)
FOREST LAKE	8,669	3.1%	8,938	9,215	9,500	562	(326)
FOSSTON	8,374	2.1%	8,546	8,722	8,902	356	(120)
FRAZEE-VERGAS	7,327	1.7%	7,449	7,573	7,700	250	(14)
FRIDLEY	9,156	2.4%	9,379	9,608	9,843	463	(227)
FULDA	10,128	4.5%	10,584	11,060	11,558	974	(738)
GLENVILLE-EMMONS	7,568	3.6%	7,839	8,120	8,410	572	(336)
GOODHUE	6,166	2.3%	6,305	6,447	6,592	287	(51)
GOODRIDGE	10,234	3.5%	10,593	10,964	11,349	756	(520)
GRANADA HUNTLEY-E.CHN	9,333	2.6%	9,571	9,816	10,067	495	(259)
GRAND MEADOW	8,410	1.6%	8,548	8,689	8,832	284	(48)
GRAND RAPIDS	8,313	1.5%	8,438	8,565	8,694	256	(20)
GREENBUSH-MIDDLE RIVER	9,408	3.6%	9,750	10,104	10,472	722	(486)
GREENWAY	7,579	0.9%	7,648	7,717	7,787	139	97
GRYGLA	12,997	3.9%	13,505	14,033	14,581	1,076	(840)
HANCOCK	6,457	1.4%	6,546	6,636	6,727	181	55
HASTINGS	8,581	4.5%	8,968	9,371	9,793	825	(589)
HAWLEY	6,638	2.3%	6,790	6,944	7,103	313	(77)
HAYFIELD	7,422	4.1%	7,724	8,039	8,367	643	(407)
HENDRICKS	10,644	4.5%	11,123	11,623	12,146	1,024	(788)
HENNING	7,850	2.5%	8,048	8,251	8,459	411	(175)
HERMAN-NORCROSS	13,086	4.5%	13,675	14,290	14,933	1,258	(1,022)
HERMANTOWN	7,094	2.5%	7,268	7,447	7,630	362	(126)
HERON LAKE-OKABENA	8,080	2.9%	8,316	8,558	8,808	492	(256)
HIBBING	8,260	2.1%	8,431	8,606	8,784	353	(117)

How Much is Enough?
The Implications of School District Labor Cost Trends for State Education Aid

Column Number	1	2	3	4	5	6	7
School District	Compensation Costs per Student, For All District Staff						
	<u>FY 13-14</u>	<u>2007-14</u>	<u>FY 14-15</u>	<u>FY 15-16</u>	<u>FY 16-17</u>	<u>FY 16-17 vs</u>	
	<u>Actual</u>	<u>Annual</u>	<u>Estimated</u>	<u>Projected</u>	<u>Projected</u>	<u>FY 14-15</u>	<u>Vs \$236</u>
		<u>Growth</u>				<u>Total</u>	<u>Basic Aid</u>
						<u>Growth</u>	<u>Increase</u>
HILL CITY	9,573	2.8%	9,839	10,113	10,394	555	(319)
HILLS-BEAVER CREEK	6,758	(0.1%)	6,753	6,748	6,743	(10)	246
HINCKLEY-FINLAYSON	8,622	4.4%	9,003	9,400	9,816	813	(577)
HOLDINGFORD	6,857	1.0%	6,926	6,997	7,068	142	94
HOPKINS	9,512	2.7%	9,772	10,039	10,314	542	(306)
HOWARD LAKE-WAVERLY-WINSTED	7,400	2.1%	7,559	7,721	7,886	327	(91)
HUTCHINSON	7,712	2.7%	7,920	8,134	8,354	433	(197)
INTERNATIONAL FALLS	8,664	1.7%	8,809	8,957	9,108	298	(62)
INVER GROVE HEIGHTS	7,843	1.4%	7,953	8,064	8,177	225	11
ISLE	8,169	4.5%	8,537	8,921	9,323	786	(550)
IVANHOE	7,186	(2.9%)	6,980	6,781	6,587	(394)	630
JACKSON COUNTY CENTRAL	7,209	2.2%	7,369	7,533	7,701	331	(95)
JANESVILLE-WALDORF-PEMBERTON	7,204	0.8%	7,265	7,326	7,388	123	113
JORDAN	7,120	3.0%	7,336	7,558	7,788	452	(216)
KASSON-MANTORVILLE	6,705	2.8%	6,891	7,082	7,278	388	(152)
KELLIHER	12,186	2.7%	12,511	12,844	13,186	675	(439)
KENYON-WANAMINGO	6,243	3.0%	6,428	6,619	6,816	388	(152)
KERK-MURDOCK-SUNBURG	6,068	(1.7%)	5,966	5,866	5,768	(198)	434
KIMBALL	7,685	2.9%	7,907	8,135	8,369	462	(226)
KINGSLAND	7,454	1.9%	7,593	7,734	7,879	286	(50)
KITTSAND CENTRAL	10,208	1.5%	10,364	10,523	10,685	320	(84)
LA CRESCENT-HOKAH	8,616	3.4%	8,905	9,205	9,514	609	(373)
LAC QUI PARLE VALLEY	9,158	2.6%	9,395	9,638	9,887	493	(257)
LAKE BENTON	5,341	(2.5%)	5,206	5,075	4,947	(259)	495
LAKE CITY	7,114	1.5%	7,220	7,329	7,439	218	18
LAKE CRYSTAL-WELLCOME MEMORIAL	6,244	0.5%	6,275	6,307	6,339	63	173
LAKE OF THE WOODS	10,126	3.4%	10,468	10,821	11,187	719	(483)
LAKE PARK AUDUBON	6,943	1.0%	7,015	7,088	7,162	147	89
LAKE SUPERIOR	8,850	1.9%	9,021	9,196	9,374	353	(117)
LAKEVIEW	6,152	1.8%	6,264	6,377	6,492	229	7
LAKEVILLE	7,858	2.0%	8,014	8,173	8,336	321	(85)
LANCASTER	11,592	4.5%	12,113	12,659	13,228	1,115	(879)
LANESBORO	7,449	4.1%	7,754	8,072	8,402	648	(412)
LAPORTE	7,301	1.9%	7,442	7,586	7,733	290	(54)
LE SUEUR-HENDERSON	7,318	1.9%	7,454	7,592	7,733	279	(43)
LEROY-OSTRANDER	8,312	0.0%	8,316	8,320	8,324	8	228
LESTER PRAIRIE	6,568	2.6%	6,736	6,907	7,084	348	(112)
LEWISTON-ALTURA	7,493	3.3%	7,738	7,991	8,253	515	(279)
LITCHFIELD	7,057	1.7%	7,178	7,300	7,425	247	(11)
LITTLE FALLS	8,120	2.3%	8,304	8,493	8,686	382	(146)
LITTLEFORK-BIG FALLS	8,510	2.3%	8,708	8,912	9,120	412	(176)
LONG PRAIRIE-GREY EAGLE	8,671	3.9%	9,005	9,352	9,712	707	(471)
LUVERNE	7,652	2.6%	7,853	8,059	8,271	417	(181)
LYLE	8,335	0.2%	8,353	8,371	8,390	37	199
LYND	7,176	3.7%	7,441	7,717	8,002	561	(325)

Appendix: Comparing the 2015 Basic Aid Increases to Projected Growth in Compensation Costs, by District

Column Number	1	2	3	4	5	6	7
School District	Compensation Costs per Student, For All District Staff						
	FY 13-14 Actual	2007-14 Annual Growth	FY 14-15 Estimated	FY 15-16 Projected	FY 16-17 Projected	FY 16-17 vs FY 14-15	
						Total Growth	Vs \$236 Basic Aid Increase
M.A.C.C.R.A.Y.	7,709	0.7%	7,762	7,816	7,871	108	128
MABEL-CANTON	8,331	3.2%	8,597	8,871	9,155	558	(322)
MADELIA	8,265	3.5%	8,552	8,849	9,156	604	(368)
MAHNOMEN	8,912	1.8%	9,073	9,237	9,404	331	(95)
MAHTOMEDI	7,872	2.3%	8,055	8,243	8,435	380	(144)
MANKATO	8,446	2.3%	8,642	8,844	9,050	408	(172)
MAPLE LAKE	7,622	3.3%	7,877	8,141	8,413	536	(300)
MAPLE RIVER	7,678	2.4%	7,861	8,049	8,240	379	(143)
MARSHALL	8,238	2.0%	8,402	8,569	8,739	337	(101)
MARSHALL CTY CENTRAL	9,005	1.3%	9,124	9,245	9,367	243	(7)
MARTIN COUNTY WEST	6,775	0.4%	6,801	6,826	6,852	52	184
MCGREGOR	9,815	0.2%	9,834	9,853	9,872	38	198
MEDFORD	6,167	1.6%	6,263	6,360	6,459	196	40
MELROSE	7,327	1.4%	7,431	7,536	7,643	212	24
MENAHGA	5,986	0.2%	5,997	6,007	6,018	21	215
MESABI EAST	8,432	(0.5%)	8,392	8,353	8,314	(78)	314
MILACA	6,498	0.7%	6,543	6,588	6,633	90	146
MILROY	6,221	4.0%	6,470	6,729	6,998	528	(292)
MINNEAPOLIS	12,466	2.6%	12,791	13,125	13,468	676	(440)
MINNEOTA	7,824	3.0%	8,062	8,307	8,559	497	(261)
MINNETONKA	8,379	2.1%	8,555	8,734	8,917	362	(126)
MINNEWASKA	9,000	2.5%	9,222	9,448	9,681	459	(223)
MONTEVIDEO	7,876	1.7%	8,012	8,150	8,291	279	(43)
MONTICELLO	9,553	4.1%	9,941	10,345	10,766	825	(589)
MOORHEAD	8,191	1.8%	8,340	8,491	8,645	305	(69)
MOOSE LAKE	8,211	2.4%	8,410	8,613	8,821	411	(175)
MORA	7,262	2.2%	7,424	7,589	7,757	333	(97)
MORRIS AREA	7,566	0.9%	7,635	7,704	7,775	140	96
MOUNDS VIEW	9,192	3.5%	9,518	9,855	10,204	686	(450)
MOUNTAIN IRON-BUHL	12,184	3.5%	12,608	13,046	13,500	892	(656)
MOUNTAIN LAKE	8,575	1.6%	8,708	8,844	8,981	273	(37)
MURRAY COUNTY CENTRAL	7,574	1.9%	7,719	7,867	8,018	299	(63)
NASHWAUK-KEEWATIN	9,541	2.5%	9,784	10,033	10,288	504	(268)
NETT LAKE	12,375	3.2%	12,773	13,184	13,607	835	(599)
NEVIS	7,546	1.0%	7,624	7,703	7,782	158	78
NEW LONDON-SPICER	7,021	1.6%	7,134	7,249	7,366	232	4
NEW PRAGUE AREA	7,262	1.0%	7,336	7,412	7,488	152	84
NEW ULM	7,584	2.4%	7,768	7,957	8,150	382	(146)
NEW YORK MILLS	6,816	1.5%	6,916	7,018	7,122	205	31
NICOLLET	7,142	1.7%	7,261	7,383	7,507	245	(9)
NORMAN COUNTY EAST	8,896	0.5%	8,937	8,979	9,021	84	152
NORMAN COUNTY WEST	8,842	0.8%	8,917	8,993	9,069	152	84
NORTH BRANCH	6,991	1.4%	7,092	7,195	7,299	207	29
NORTH ST PAUL- MAPLEWOOD-OAKDALE	9,719	4.5%	10,156	10,613	11,091	935	(699)
NORTHFIELD	8,592	4.2%	8,951	9,326	9,717	765	(529)
NORTHLAND COMMUNITY	11,894	0.7%	11,979	12,065	12,152	173	63
NRHEG	7,090	1.2%	7,175	7,261	7,348	173	63

How Much is Enough?
The Implications of School District Labor Cost Trends for State Education Aid

Column Number	1	2	3	4	5	6	7
School District	Compensation Costs per Student, For All District Staff						
	<u>FY 13-14</u>	<u>2007-14</u>	<u>FY 14-15</u>	<u>FY 15-16</u>	<u>FY 16-17</u>	<u>FY 16-17 vs</u>	
	<u>Actual</u>	<u>Annual</u>	<u>Estimated</u>	<u>Projected</u>	<u>Projected</u>	<u>FY 14-15</u>	<u>Vs \$236</u>
		<u>Growth</u>				<u>Total</u>	<u>Basic Aid</u>
						<u>Growth</u>	<u>Increase</u>
OGILVIE	8,107	1.1%	8,198	8,290	8,384	185	51
ONAMIA	13,155	4.5%	13,747	14,366	15,012	1,265	(1,029)
ORONO	8,367	3.4%	8,652	8,947	9,253	600	(364)
ORTONVILLE	9,391	2.5%	9,624	9,863	10,108	484	(248)
OSAKIS	6,891	3.3%	7,115	7,347	7,587	471	(235)
OSSEO	9,499	2.5%	9,737	9,980	10,230	494	(258)
OWATONNA	7,767	2.1%	7,932	8,101	8,273	340	(104)
PARK RAPIDS	8,155	2.3%	8,344	8,539	8,738	393	(157)
PARKERS PRAIRIE	7,341	3.0%	7,559	7,783	8,014	455	(219)
PAYNESVILLE	7,325	2.2%	7,488	7,654	7,824	336	(100)
PELICAN RAPIDS	7,311	2.3%	7,482	7,657	7,836	354	(118)
PEQUOT LAKES	6,715	1.6%	6,824	6,934	7,046	222	14
PERHAM-DENT	6,818	0.8%	6,873	6,927	6,983	110	126
PIERZ	7,223	2.5%	7,405	7,591	7,782	377	(141)
PILLAGER	6,187	3.4%	6,399	6,619	6,846	447	(211)
PINE CITY	8,145	2.9%	8,384	8,630	8,883	499	(263)
PINE ISLAND	6,727	1.6%	6,836	6,946	7,058	222	14
PINE POINT	16,035	(0.5%)	15,961	15,886	15,812	(149)	385
PINE RIVER-BACKUS	8,007	1.8%	8,155	8,306	8,460	304	(68)
PIPESTONE AREA	7,404	4.2%	7,712	8,034	8,369	656	(420)
PLAINVIEW-ELGIN-MILLVILLE	6,197	1.2%	6,271	6,345	6,421	150	86
PRINCETON	6,858	3.9%	7,122	7,397	7,682	560	(324)
PRIOR LAKE-SAVAGE AREA	7,676	3.1%	7,913	8,157	8,409	496	(260)
PROCTOR	7,672	2.2%	7,840	8,013	8,189	348	(112)
RANDOLPH	6,820	2.6%	7,001	7,187	7,377	376	(140)
RED LAKE	16,884	1.8%	17,195	17,511	17,834	639	(403)
RED LAKE COUNTY CENTRAL	9,537	1.4%	9,675	9,815	9,957	282	(46)
RED LAKE FALLS	9,613	1.8%	9,789	9,968	10,151	362	(126)
RED ROCK CENTRAL	9,258	4.4%	9,663	10,085	10,525	862	(626)
RED WING	8,326	2.6%	8,545	8,771	9,002	457	(221)
REDWOOD AREA	7,644	2.7%	7,847	8,055	8,269	422	(186)
RENVILLE COUNTY WEST	9,233	3.0%	9,509	9,792	10,085	576	(340)
RICHFIELD	9,904	2.8%	10,184	10,472	10,768	584	(348)
ROBBINSDALE	9,334	2.9%	9,605	9,884	10,171	566	(330)
ROCHESTER	8,495	3.1%	8,759	9,032	9,314	554	(318)
ROCKFORD	6,773	2.1%	6,915	7,060	7,209	293	(57)
ROCORI	7,117	1.9%	7,250	7,384	7,521	272	(36)
ROSEAU	7,619	3.0%	7,846	8,079	8,319	473	(237)
ROSEMOUNT-APPLE VALLEY-EAGAN	9,720	3.2%	10,027	10,343	10,670	643	(407)
ROSEVILLE	9,806	4.5%	10,248	10,709	11,191	943	(707)
ROTHSAY	6,834	1.1%	6,908	6,984	7,060	152	84
ROUND LAKE-BREWSTER	7,427	3.5%	7,684	7,950	8,225	541	(305)
ROYALTON	6,097	(0.2%)	6,083	6,069	6,056	(27)	263
RTR	6,599	1.3%	6,686	6,774	6,863	177	59
RUSH CITY	7,041	3.3%	7,275	7,517	7,767	491	(255)

Appendix: Comparing the 2015 Basic Aid Increases to Projected Growth in Compensation Costs, by District

Column Number	1	2	3	4	5	6	7
School District	Compensation Costs per Student, For All District Staff						
	<u>FY 13-14</u>	<u>2007-14</u>	<u>FY 14-15</u>	<u>FY 15-16</u>	<u>FY 16-17</u>	<u>FY 16-17 vs</u>	
	<u>Actual</u>	<u>Annual</u>	<u>Estimated</u>	<u>Projected</u>	<u>Projected</u>	<u>FY 14-15</u>	<u>Vs \$236</u>
		<u>Growth</u>				<u>Total</u>	<u>Basic Aid</u>
						<u>Growth</u>	<u>Increase</u>
RUSHFORD-PETERSON	8,083	2.9%	8,316	8,555	8,801	485	(249)
SARTELL-ST. STEPHEN	7,077	2.3%	7,242	7,412	7,585	343	(107)
SAUK CENTRE	8,150	1.8%	8,294	8,441	8,591	297	(61)
SAUK RAPIDS-RICE	6,573	0.2%	6,588	6,604	6,619	31	205
SEBEKA	8,516	3.8%	8,839	9,174	9,521	682	(446)
SHAKOPEE	7,701	3.8%	7,990	8,290	8,602	611	(375)
SIBLEY EAST	8,015	3.2%	8,275	8,542	8,818	544	(308)
SLEEPY EYE	7,128	2.1%	7,276	7,426	7,580	304	(68)
SOUTH KOOCHICHING	11,817	2.2%	12,078	12,345	12,618	540	(304)
SOUTH ST. PAUL	8,621	2.3%	8,815	9,014	9,217	402	(166)
SOUTH WASHINGTON COUNTY	8,574	2.7%	8,804	9,040	9,283	479	(243)
SOUTHLAND	9,910	4.5%	10,356	10,822	11,309	953	(717)
SPRING GROVE	7,963	2.2%	8,142	8,325	8,512	371	(135)
SPRING LAKE PARK	6,844	0.4%	6,869	6,894	6,920	51	185
SPRINGFIELD	6,769	2.9%	6,967	7,171	7,381	414	(178)
ST. ANTHONY-NEW BRIGHTON	8,218	3.2%	8,483	8,756	9,038	555	(319)
ST. CHARLES	6,874	3.2%	7,092	7,318	7,551	458	(222)
ST. CLAIR	6,200	1.7%	6,305	6,411	6,518	214	22
ST. CLOUD	8,927	1.4%	9,048	9,171	9,296	248	(12)
ST. FRANCIS	8,621	2.6%	8,843	9,072	9,306	463	(227)
ST. JAMES	9,080	3.6%	9,403	9,739	10,086	683	(447)
ST. LOUIS COUNTY	9,789	1.2%	9,904	10,019	10,136	233	3
ST. LOUIS PARK	9,131	1.4%	9,257	9,385	9,514	257	(21)
ST. MICHAEL-ALBERTVILLE	6,208	1.7%	6,312	6,416	6,523	212	24
ST. PAUL	12,651	3.2%	13,051	13,465	13,891	840	(604)
ST. PETER	7,775	2.5%	7,969	8,168	8,372	403	(167)
STAPLES-MOTLEY	8,053	1.4%	8,166	8,281	8,398	232	4
STEPHEN-ARGYLE CENTRAL	8,665	1.2%	8,769	8,874	8,980	211	25
STEWARTVILLE	6,694	2.0%	6,829	6,967	7,108	278	(42)
STILLWATER AREA	8,135	3.7%	8,435	8,746	9,069	634	(398)
SWANVILLE	8,105	4.0%	8,426	8,759	9,106	681	(445)
THIEF RIVER FALLS	8,113	1.8%	8,260	8,409	8,562	302	(66)
TRACY AREA	7,415	0.5%	7,451	7,488	7,524	73	163
TRI-CITY UNITED	6,828	2.0%	6,963	7,101	7,241	279	(43)
TRI-COUNTY	11,709	3.3%	12,097	12,499	12,914	817	(581)
TRITON	7,196	2.0%	7,337	7,481	7,627	290	(54)
TRUMAN	8,298	2.5%	8,503	8,713	8,928	425	(189)
ULEN-HITTERDAL	8,142	2.1%	8,310	8,481	8,656	346	(110)
UNDERWOOD	6,592	1.9%	6,718	6,846	6,977	259	(23)
UNITED SOUTH CENTRAL	9,620	2.4%	9,853	10,091	10,336	483	(247)
UPSALA	6,560	2.3%	6,714	6,871	7,032	318	(82)
VERNDALE	7,335	1.6%	7,451	7,569	7,689	238	(2)
VIRGINIA	8,438	2.4%	8,641	8,849	9,063	422	(186)
WABASHA-KELLOGG	8,543	4.4%	8,915	9,303	9,708	793	(557)
WABASSO	7,178	1.2%	7,263	7,348	7,435	172	64
WACONIA	7,113	3.8%	7,386	7,669	7,963	578	(342)

How Much is Enough?
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Column Number	1	2	3	4	5	6	7
School District	Compensation Costs per Student, For All District Staff						
	<u>FY 13-14</u>	<u>2007-14</u>	<u>FY 14-15</u>	<u>FY 15-16</u>	<u>FY 16-17</u>	<u>FY 16-17 vs</u>	
	<u>Actual</u>	<u>Annual</u>	<u>Estimated</u>	<u>Projected</u>	<u>Projected</u>	<u>FY 14-15</u>	<u>Vs \$236</u>
		<u>Growth</u>				<u>Total</u>	<u>Basic Aid</u>
						<u>Growth</u>	<u>Increase</u>
WADENA-DEER CREEK	8,234	2.1%	8,404	8,578	8,755	351	(115)
WALKER-HACKENSACK-AKELEY	8,903	1.0%	8,996	9,090	9,185	190	46
WARREN-ALVARADO-OSLO	10,527	1.4%	10,671	10,817	10,966	295	(59)
WARROAD	8,207	2.2%	8,389	8,575	8,765	376	(140)
WASECA	7,683	(1.6%)	7,561	7,440	7,320	(240)	476
WATERTOWN-MAYER	7,259	3.3%	7,498	7,745	8,000	502	(266)
WATERVILLE-ELYSIAN-MORRISTOWN	8,501	3.0%	8,757	9,020	9,292	535	(299)
WAUBUN-OGEMA-WHITE EARTH	9,158	3.3%	9,462	9,775	10,098	637	(401)
WAYZATA	8,626	2.8%	8,867	9,114	9,368	501	(265)
WEST CENTRAL AREA	7,390	2.2%	7,554	7,722	7,894	340	(104)
WEST ST. PAUL-MENDOTA HTS.-EAGAN	9,602	2.3%	9,823	10,048	10,278	456	(220)
WESTBROOK-WALNUT GROVE	9,157	4.5%	9,569	10,000	10,450	881	(645)
WESTONKA	8,459	3.0%	8,714	8,977	9,248	534	(298)
WHEATON AREA	7,933	1.3%	8,033	8,133	8,235	202	34
WHITE BEAR LAKE	9,217	3.3%	9,523	9,839	10,165	642	(406)
WILLMAR	8,869	2.7%	9,109	9,356	9,609	500	(264)
WILLOW RIVER	7,488	4.0%	7,784	8,092	8,412	627	(391)
WINDOM	8,334	2.6%	8,551	8,774	9,003	452	(216)
WIN-E-MAC	7,851	4.5%	8,205	8,574	8,960	755	(519)
WINONA AREA	10,306	4.1%	10,732	11,177	11,640	907	(671)
WORTHINGTON	8,204	1.5%	8,324	8,447	8,571	247	(11)
WRENSHALL	8,251	3.6%	8,550	8,861	9,182	632	(396)
YELLOW MEDICINE EAST	6,465	1.9%	6,589	6,715	6,843	254	(18)
ZUMBROTA-MAZEPPA	6,530	1.5%	6,629	6,729	6,831	202	34