DOCUMENT RESUME

ED 360 747 EA 025 202

TITLE	How Is Minnesota Spending Its Tax Dollars? Elementary and Secondary Education.
INSTITUTION	Minnesota State Auditor, St. Paul. Research and Information Div.
PUB DATE	21 Jan 93
NOTE	61p.
PUB TYPE	Statistical Data (110) -- Reports - Evaluative/Feasibility (142)
EDRS PRICE	MF01/PC03 Plus Postage.
DESCRIPTORS	Capital Outlay (for Fixed Assets); Compensation (Remuneration); *Educational Finance; Elementary Secondary Education; *Expenditure per Student; *Expenditures; Operating Expenses; Public Schools; School District Spending; *Standards; State School District Relationship; *Teacher Salaries
IDENTIFIERS	*Minnesota

ABSTRACT

This two-part report presents findings of a study that examined how Minnesota's tax dollars are being spent, with a focus on elementary-secondary education. Part 1 uses national indicators to compare Minnesota with other states. The second part examines actual education expenditures in Minnesota for the period betweeen 1985 and 1991. Findings show that total compensation, salaries and benefits combined, is the largest component of spending for elementary-secondary education. Although student-teacher ratios are slightly lower than the national average and average teacher salaries increased 15 percent between 1985 and 1991, other states are eclipsing Minnesota's efforts. Although capital expenditures far exceed the national average, there will continue to be a need for even more capital investment. Special education has seen the most significant increase in spending. Finally, useful national data on achievement and other outcome measures are needed to evaluate educational status. Twelve tables and two charts are included. Appendices contain a description of methodology, statistical tables, definitions, and a list of other publications available from the Office of the State Auditor. (LMI)

MINNESOTA
OFFICE OF THE STATE AUDITOR

HOW IS MINNESOTA SPENDING ITS TAX DOLLARS?

ELEMENTARY AND SECONDARY EDUCATION

MARK B. DAYTON
STATE AUDITOR

The Office of the State Auditor is a Constitutional Office which serves as a watchdog for Minnesota taxpayers and helps to assure integrity, accountability, and cost-effectiveness in government throughout the state.

Through financial, compliance, and special audits, the Office of the State Auditor helps to assure that local governments hold themselves to the highest standards of integrity. The Office works actively with local government officials to find more efficient and cost effective ways to spend tax dollars.

The Office performs approximately 320 audits per year. The State Auditor has oversight responsibilities for 4,300 units of local governments throughout the state. The local units of government include:

- 1803 townships
- 855 cities
- 429 educational districts
- 87 counties
- 703 police and fire relief association funds
- 145 housing and redevelopment authorities
- 22 port authorities
- 91 soil and water conservation districts
- 150 (approximate) special districts

Through its reports and research, the Office helps local governments to find new ways to provide essential services more economically and efficiently in order that they may respond to growing needs with limited financial resources.

The State Auditor serves on the State Executive Council, State Board of Investment, Land Exchange Board, Public Employee's Retirement Association Board, Minnesota Housing Finance Agency, and Rural Finance Administration Board.

EH

HOW IS MINNESOTA SPENDING ITS TAX DOLLARS?

ELEMENTARY AND SECONDARY EDUCATION

Office of the State Auditor

Research and Governmental Information Division

January 21, 1993

EXECUTIVE SUMMARY

INTRODUCTION

State and local governments in Minnesota have a reputation for spending well above the national average for public services. The purpose of this project is to ask: "How are Minnesota's tax dollars being spent?" If Minnesota's state and local governments are spending more than other states and the national average, where are the additional dollars going? This project will consist of a series of reports. This first report focuses on elementary and secondary education.

MINNESOTA SPENDING ON ELEMENTARY AND SECONDARY EDUCATION
How Does Minnesota Compare to Other States?

State and local governments in Minnesota spend more than the national average on elementary and secondary education. In 1990-91,[1] Minnesota state and local governments spent $6,000 per student for elementary and secondary education. Minnesota's per student spending was 5.4 percent (or $305) above the national average. Minnesota ranked 17th highest in elementary and secondary education spending among the 50 states and the District of Columbia. In comparison, Minnesota ranked 18th in per capita personal income during the same time.

During the 1990-91 school year, Minnesota spent about $4.6 billion on elementary and secondary education. At the local level, about 39 percent of the total property tax revenues levied in 1990 went to local school districts. In fiscal year 1990-91, about 30 percent of the state's total general fund expenditures went to elementary and secondary education.

In Critical Areas, The Nation Is Catching Up To Minnesota And Its Commitment To Education Funding

The findings of this report indicate that in important areas, such as student-to-teacher ratios and average salary for classroom teachers, other states are catching up to Minnesota and Minnesota is gradually losing its coveted high national ranking. In other areas, Minnesota is not a national leader. For example, Minnesota lacks a professional skills requirement for initial teacher certification, and the percentage of Minnesota teachers with post-graduate degrees is below the national average.

Minnesota spends well above the national average for capital outlays, which accounts for about half of Minnesota's above-average education spending. The remainder of Minnesota's

[1] The most recent year for which national data are available. This figure represents total current expenditures including capital outlay.

above-average education spending is tied to expenditures for administering school districts and operating school sites.

Our findings are based on an analysis of national indicators and Minnesota's spending on elementary and secondary education.

- **Minnesota invests more in capital outlays (buildings, land and equipment) than the national average. In 1990-91, Minnesota's capital outlay per student was $643, or 34.5 percent above the national average.** Minnesota ranked 9th among other states and the District of Columbia in capital outlays per student.

  Minnesota's expenditures for capital outlays account for about half of Minnesota's total above-average spending for elementary and secondary education. After subtracting capital outlays, Minnesota's per student expenditures dropped from 5.4 percent to 2.7 percent above the national average.

- **In 1991-92, for the first time in many years, the average salary for Minnesota teachers dipped below the national average. The average salary for classroom teachers in Minnesota was $33,700, or 1.3 percent below the national average of $34,148. Minnesota ranked 20th when compared to other states.**

  An analysis of the change in average salary for teachers between 1986 and 1992 indicates that the U.S. average has increased faster (35 percent) than the increase in the average salary for Minnesota teachers (23 percent).

- **Minnesota has more and smaller school districts than the national average.** In 1990-91, **Minnesota had 424 school districts, or an average of one school district for every 1,808 students.** The national average is one school district for every 2,787 students. Minnesota ranked 38th in the average number of students per school district. **The size of Minnesota's school districts was 65 percent, or two-thirds the size, of the national average.**

  Minnesota's reliance on a large number of relatively small school districts is clear. Approximately 50 percent of Minnesota's 424 school districts have fewer than 650 students and enroll only nine percent of all elementary and secondary students in the state. The Commissioner of the Minnesota Department of Education believes that the minimum school district size needed to provide the proper array of programs and curricula is 1,300 students.

- In 1991, **Minnesota ranked 33rd with a student-to-teacher ratio of 17.1 students to every teacher, which was slightly better than the national average of 17.3.** (The state with the lowest student-teacher ratio ranked 1st in this ranking.)

- **Minnesota had 6.5 school district administrators and support staff for every 1,000 students, compared to a national average of 5.0. Thus, Minnesota had 27 percent more school district administrators and support staff than the national average.** The disproportionate number of school district staff is partially a result of Minnesota's numerous small school districts.

- Minnesota is one of 17 states which do not require a professional skills test for initial teacher certification. Minnesota merely requires a basic skills test.

- Only 31 percent of Minnesota teachers have earned a master's degree compared to a national average of 40 percent. This is in marked contrast to the large proportion (70 percent) of Minnesota teachers with ten or more years of experience compared to the national average (66 percent).

- In terms of total instructional time required each year, Minnesota requires between 875 and 962.5 total hours of instruction for elementary school. Minnesota's required instruction time for elementary students ranked 28th compared to other states. Minnesota requires 1,050 hours of instruction for secondary school. Minnesota's mandatory instruction time for secondary students ranked 18th compared to other states.

WHAT ARE WE GETTING FOR OUR ABOVE-AVERAGE EDUCATION SPENDING?
A Troubling Lack of Data Leaves This Critical Question Unanswered!

Our original intent with this report was to find out what Minnesota is getting for its tax dollars. The ultimate goal of the educational system is student academic achievement. How well are our children being educated? We found that there were shockingly few national measures of student achievement allowing state-by-state comparisons. Amazingly, a common, national measure of achievement does not exist in spite of the fact that state policy makers routinely ask for comparable data on the performance of students as a way of evaluating the effectiveness of our educational systems.

This gap in information has not gone unnoticed. Numerous national organizations and federal agencies are working to address the scarcity of achievement data. The National Governors' Association recent research on education emphasizes the importance of performance data for assessing the outcomes of the nation's educational system. The National Assessment for Educational Progress (NAEP) has begun a pilot program to collect state-by-state data on mathematics proficiency in 1990 and on mathematics and reading in 1992. The results of the 1990 pilot are discussed in this report.

With the absence of national standardized achievement data, other quantifiable measures are used; however, each has its limitations. Most states test for student achievement and measure school completion rates. Differences in tests, procedures and definitions limit the usefulness of this data. College entrance examinations come closest to being a standardized test

used by numerous states. However, given various limitations, these examinations are not tests of overall student achievement or performance.

Although the indicators examined in this report are not measures of overall achievement, they do reflect favorably on Minnesota's educational system compared to other states.

- **Minnesota ranked 2nd in dropout rates. Six percent of Minnesota's population between 16 and 19 years of age are not currently enrolled in, and have not graduated from, high school.** This compares to a national average of 11.2 percent.

- In 1991-92, Minnesota's average ACT test score was 21.5, 4.3 percent above the national average of 20.6. Minnesota's average test score has been consistently above the national average.

- **In the NAEP pilot mathematics achievement test for eighth-grade students, Minnesota consistently tested above the national average and joined North Dakota, Montana, Iowa, Nebraska and Wisconsin as the high-performing states.**

HOW MINNESOTA EDUCATION TAX DOLLARS ARE BEING SPENT

This report also analyzes actual expenditures for elementary and secondary education in Minnesota between 1985-86 and 1990-91 school years. Minnesota Department of Education data[2] are used to examine spending by program category and by type of activity. The analysis found that:

- **During the 1990-91 school year, Minnesota spent $4.6 billion on elementary and secondary education. Education spending increased 23 percent between 1986 and 1991, after being adjusted for inflation.**[3]

- **Non-operating expenditures (capital outlay and debt service expenditures) increased faster than operating expenditures (spending directly related to the instruction of students). Non-operating expenditures grew by 54 percent, compared to an increase of 17 percent for operating expenditures.** As a result, **operating expenditures decreased as a share of total education expenditures, from 85.4 percent in 1986 to 81.7 percent in 1991.**

---

[2] The Minnesota Legislative Auditor's Office published a report analyzing the Minnesota Department of Education's Uniform Financial Accounting and Reporting System (UFARS) in February 1990. That report recommended that the quality of education financial data be improved and that the data be used with caution. While not an ideal data base, UFARS is the only available source of statewide education expenditure data.

[3] All percentage change figures in this section are adjusted for inflation based on the Consumer Price Index.

- When education spending is examined by type of activity, **total compensation -- salaries and benefits[4] combined -- represented the largest component of education spending, 67 percent. Spending for total compensation increased by about 15 percent, after being adjusted for inflation, between 1986 and 1991.**

  The escalating cost of health insurance coverage appears to be the primary factor in increased spending for benefits. According to Minnesota School Boards Association data, the cost of health insurance benefits for licensed staff grew an average of 58 percent between 1986 and 1991.

- **Capital expenditures had the fastest rate of growth between 1986 and 1991, 89 percent in constant dollars, and accounted for about one-fifth of the total increase in education spending.** Factors contributing to capital spending include increased enrollment, federal and state health and safety standards, and the age of Minnesota's school buildings.

  While Minnesota is ahead of many states in its capital spending for schools, much more needs to be done. The Minnesota Department of Education estimates that the deferred maintenance costs for Minnesota schools are $1.5 billion. This indicates that there will continue to be an alarming amount of unmet need for even more capital investment in Minnesota schools.

- When examined by program category, all instruction-related programming represented 55.9 percent of total expenditures in 1991. The major component of "instructional" spending is staff salaries and benefits. Other components include books, supplies and equipment.

  Exceptional instruction, education of both handicapped and gifted students, had the fastest rate of growth and accounted for about one-third of the increased spending between 1986 and 1991. The majority of spending in this area is for special education.

  The number of special education teachers and paraprofessionals increased between 1986 and 1991, 9 percent and 37 percent respectively, while the number of special education students remained relatively constant. As a result, **the student-to-teacher ratios in special education dropped from 12.8 to 11.6; student-to-paraprofessional ratios dropped from 27.6 to 20.0.**

---

[4] The 1985-86 benefit figures have been adjusted, based on data from the Minnesota Department of Finance, to include the state's direct payment of teachers' retirement and contributions to social security. School districts began paying these costs in the 1986-87 school year.

HOW ARE MINNESOTA'S TAX DOLLARS IN ELEMENTARY AND SECONDARY EDUCATION BEING SPENT?

This report has examined national indicators and actual education spending in Minnesota to determine how Minnesota is spending its education tax dollars. The analysis indicates that:

- Total compensation, salaries and benefits combined, is the largest component of elementary and secondary education. **The average salary for Minnesota teachers dropped below the national average in 1991-1992, even through spending for salaries and benefits increased 15 percent in Minnesota between 1986 and 1991. In other words, many other states have clearly begun to place greater emphasis on increasing teacher salaries, eclipsing the rate of salary increases for Minnesota teachers.**

- Minnesota's investment in capital outlays has consistently been above the national average. However, approximately 38 percent of Minnesota's school buildings are more than 50 years old, compared to the national average of 31 percent. The Minnesota Department of Education estimates that Minnesota school districts have $1.5 billion in deferred maintenance costs. **Although capital expenditures by Minnesota schools are the fastest growing category of expenditures, far exceeding the national average, there will continue to be a need for even more capital investment in Minnesota schools.**

- The program area with the most significant increase in spending is special education. Special education teachers and paraprofessionals have increased while the special education enrollment has remained relatively stable resulting in falling special education student-to-teacher/paraprofessional ratios.

- Minnesota spent approximately $4.6 billion on elementary and secondary education during the 1990-91 school year. Nationally, all states combined spent about $225 billion. Yet, standardized national performance measures for academic achievement are sorely lacking. **Given the tremendous amount of money going to education, it is absurd not to have accurate, comprehensive and nationally-comparable measures of student educational outcomes. The development of useful national data on achievement and other outcome measures is critical to evaluate whether the educational system is achieving its goal.**

This report intends to provide state and local policy makers and Minnesota citizens with the information necessary to formulate their own thoughts and recommendations on Minnesota's spending for elementary and secondary education. Minnesota policy makers and citizens must ask themselves: Do we agree with Minnesota's education spending priorities? Is this how we want our education tax dollars spent? Are we getting good value in the areas of priority spending?

TABLE OF CONTENTS

HOW IS MINNESOTA SPENDING ITS TAX DOLLARS?

ELEMENTARY AND SECONDARY EDUCATION

PROJECT OVERVIEW

State and local governments in Minnesota have a reputation for spending well above the national average for public services. Minnesota also has a reputation for its commitment to providing a broad range of high quality state and local government services to its citizens.

The purpose of this project is to ask: "How are Minnesota's tax dollars being spent?" If Minnesota's state and local governments are spending more than other states and the national average, where is the above-average spending going? How do the nature and amount of the services provided by Minnesota's state and local governments differ from other states and the national average?

This project will consist of a series of reports. This report focuses on elementary and secondary education. Future reports will look at human services and highways. These services were selected because Minnesota's spending is above the national average in these three areas.

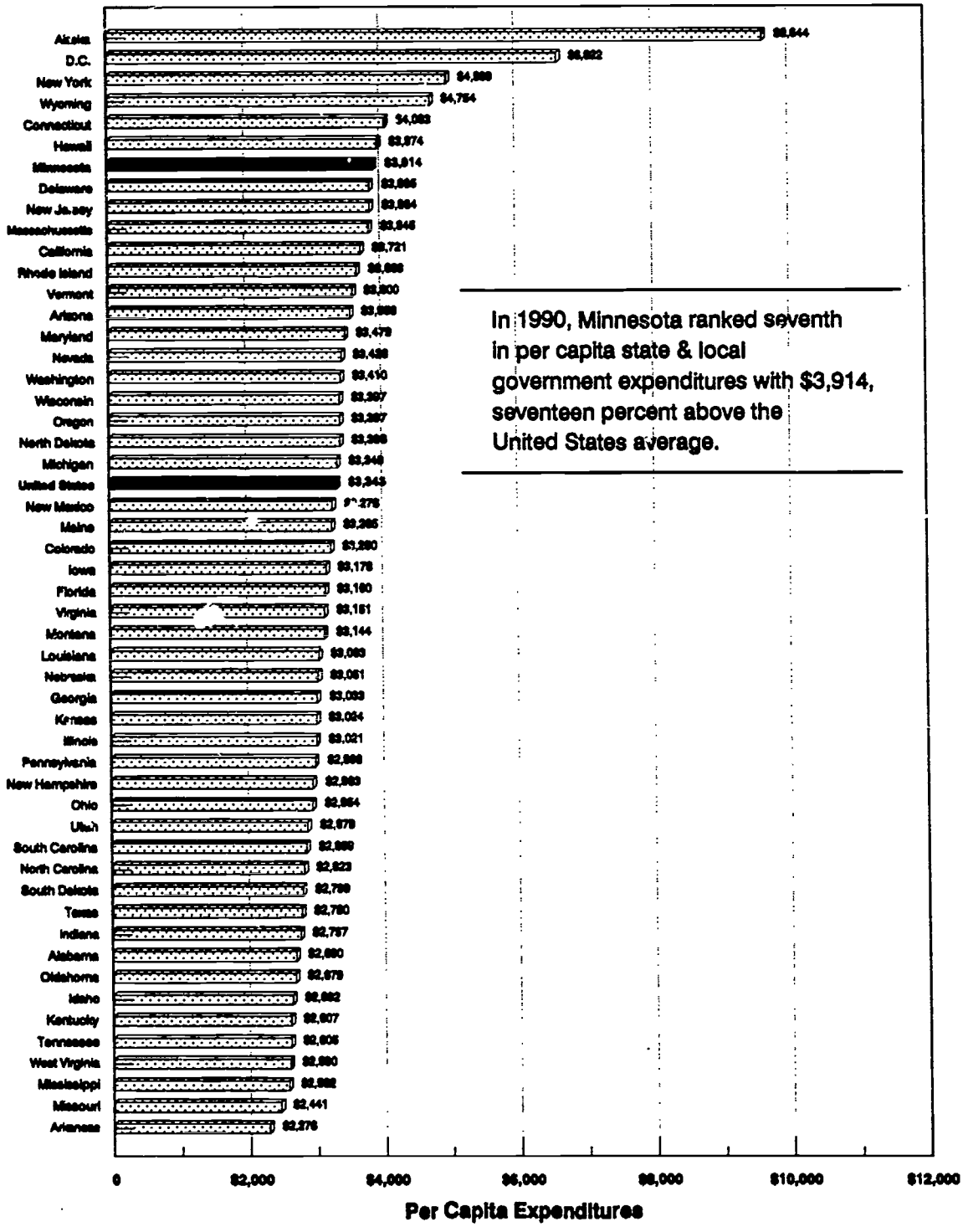
Part 1 of this report uses national indicators to compare Minnesota to other states and to the nation. Part 2 of the report takes a closer look at actual education expenditures in Minnesota and how Minnesota education tax dollars are being spent.

Minnesota ranks high in total per capita state and local government spending. Table 1 compares per capita state and local government direct general expenditures for each state. In 1990, Minnesota ranked 7th in state and local government expenditures per capita. State and local governments in Minnesota spent $3,914 per capita, or 17 percent more per capita than the U.S. average, to provide a wide variety of public services. States ranking above Minnesota in total per capita government spending were Alaska, the District of Columbia, New York, Wyoming, Connecticut and Hawaii.

Minnesota also ranks high in state and local government spending for elementary and secondary education. In 1990, Minnesota ranked 7th in general elementary and secondary education spending,[1] with $1,021 per capita, or 15 percent above the national average of $885. (See table on page 1 of Appendix B.) In addition to general education expenditures per capita, there are a number of other comparisons available for education expenditures. The next section examines expenditures per student and general education expenditures per $1,000 of personal income.

[1] State and local government current expenditures plus capital outlay (investment in buildings, land and equipment) for elementary and secondary education.

Table 1
STATE AND LOCAL GOVERNMENT DIRECT GENERAL EXPENDITURES PER CAPITA: 1989-90



Source: Bureau of the Census, "Government Finances: 1989-90"
Table by the Office of the State Auditor.

HOW MINNESOTA COMPARES IN ELEMENTARY AND SECONDARY EDUCATION SPENDING

While Minnesota ranks high in per capita expenditures for education, a better measure is expenditures per student because it adjusts for a state's level of student enrollment. Table 2 summarizes Minnesota state and local government expenditures per student for elementary and secondary education.

In 1990-1991, Minnesota spent $6,000 per student for elementary and secondary education.[2] Minnesota's per student spending was 5.4 percent (or $305) above the national average of $5,695 per student. Minnesota ranked 17th among other states.

In fiscal year 1991, **about 30 percent of the State's total general fund expenditures supported elementary and secondary education.** At the local level, **about 39 percent of total local property taxes levied in 1990 went to local school districts.**

Wisconsin, with $6,120 per student expenditures and a rank of 13th, was the only Midwestern state that ranked above Minnesota in per student expenditures for education. Other states surrounding Minnesota had expenditures below the national average.

Chart 1 compares Minnesota's per student expenditures with the national average for the past fifteen years. **Minnesota's expenditures per student have been consistently above the national average.** (See table on page 2 of Appendix B.)

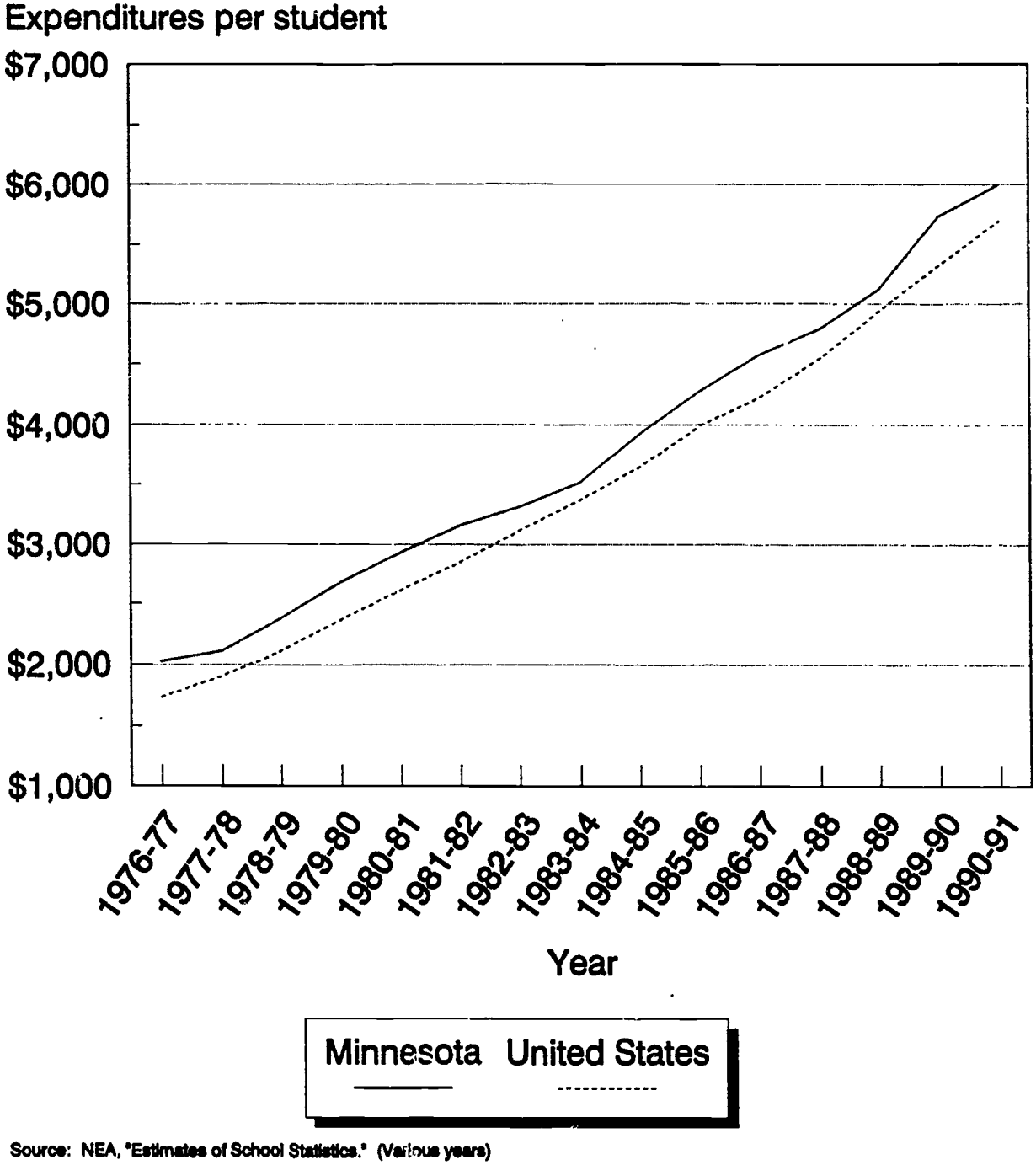
[2] This figure represents state and local government current expenditures plus capital outlay.

Table 2
EXPENDITURES PER STUDENT
1990–1991

Rank	State	Expenditures * Per Student (in ADA)**
1	NEW JERSEY	$9,246
2	NEW YORK	9,016
3	ALASKA	8,242
4	CONNECTICUT	8,203
5	DISTRICT OF COLUMBIA	8,180
6	MARYLAND	6,738
7	PENNSYLVANIA	6,666
8	MASSACHUSETTS	6,604
9	RHODE ISLAND	6,497
10	NEVADA	6,318
11	DELAWARE	6,271
12	MAINE	6,261
13	WISCONSIN	6,120
14	FLORIDA	6,118
15	VIRGINIA	6,096
16	VERMONT	6,018
17	MINNESOTA	6,000
18	WASHINGTON	5,964
19	NEW HAMPSHIRE	5,941
20	WYOMING	5,909
21	OHIO	5,739
22	OREGON	5,711
	UNITED STATES	5,695
23	COLORADO	5,650
24	MICHIGAN	5,622
25	KANSAS	5,551
26	HAWAII	5,544
27	NORTH CAROLINA	5,294
28	CALIFORNIA	5,288
29	WEST VIRGINIA	5,273
30	NEW MEXICO	5,227
31	IOWA	5,217
32	ARIZONA	5,171
33	MONTANA	5,157
34	INDIANA	5,155
35	ILLINOIS	5,142
36	MISSOURI	5,043
37	GEORGIA	4,908
38	TEXAS	4,885
39	SOUTH CAROLINA	4,861
40	KENTUCKY	4,642
41	SOUTH DAKOTA	4,600
42	NEBRASKA	4,572
43	OKLAHOMA	4,382
44	LOUISIANA	4,253
45	ALABAMA	4,032
46	NORTH DAKOTA	3,983
47	ARKANSAS	3,773
48	TENNESSEE	3,756
49	IDAHO	3,662
50	MISSISSIPPI	3,461
51	UTAH	3,271

Source: National Education Association,
"Estimates of School Statistics, 1991–92."
* Includes current expenditures and capital outlay using 1990/91 revised estimates.
** ADA = Average Daily Attendance.
Table by the Office of the State Auditor.

Chart 1
TOTAL EXPENDITURES PER STUDENT *
COMPARISON OF MINNESOTA AND THE U.S. AVERAGE
1977 THROUGH 1991



Source: NEA, "Estimates of School Statistics." (Various years)
Table by the Office of the State Auditor.
* Current expenditures plus capital outlay. See Appendix B for data.

Education Expenditures Per $1,000 Of Personal Income

Another way to display education expenditures[3] is in relation to state personal income. Education expenditures per $1,000 of personal income adjusts for a state's relative wealth or ability to pay for elementary and secondary education. Table 3 compares Minnesota to other states in elementary and secondary education expenditures per $1,000 of personal income for 1990.

Minnesota spent $52.50 per $1,000 of personal income for elementary and secondary education, or 14 percent above the national average of $46.01. Minnesota ranked 10th among other states in this measure of education spending.

[3] The two sources used to examine educational expenditures are "Government Finances, 1989-90" from the Bureau of the Census and "Estimates of School Statistics" for various years from the National Education Association. See the methodology section for a discussion of data sources.

Table 3
EDUCATION EXPENDITURES PER $1,000 OF INCOME
1989–90

Rank	State	Education Expenditures * Per $1,000 of Income
1	WYOMING	$70.27
2	NEW MEXICO	61.38
3	ALASKA	60.13
4	MAINE	59.82
5	MONTANA	58.93
6	WEST VIRGINIA	58.00
7	WASHINGTON	55.31
8	VERMONT	53.65
9	ARIZONA	52.55
10	MINNESOTA	52.50
11	OREGON	52.12
12	TEXAS	52.01
13	NEW YORK	51.54
14	MISSISSIPPI	51.21
15	WISCONSIN	50.91
16	UTAH	50.09
17	GEORGIA	49.61
18	OKLAHOMA	48.94
19	LOUISIANA	48.75
20	IOWA	48.66
21	NORTH CAROLINA	47.87
22	MICHIGAN	47.71
23	KENTUCKY	47.29
24	CONNECTICUT	46.81
25	RHODE ISLAND	46.58
26	KANSAS	46.51
27	IDAHO	46.32
28	OHIO	46.04
	UNITED STATES	46.01
29	NORTH DAKOTA	46.01
30	PENNSYLVANIA	45.71
31	ALABAMA	45.37
32	SOUTH CAROLINA	45.03
33	ARKANSAS	44.84
34	NEW JERSEY	44.64
35	INDIANA	44.58
36	VIRGINIA	44.41
37	SOUTH DAKOTA	44.33
38	FLORIDA	43.55
39	NEVADA	43.22
40	DELAWARE	43.06
41	CALIFORNIA	42.14
42	COLORADO	42.10
43	MARYLAND	41.95
44	DISTRICT OF COLUMBIA	41.52
45	MISSOURI	40.65
46	NEW HAMPSHIRE	39.65
47	NEBRASKA	39.40
48	TENNESSEE	37.62
49	MASSACHUSETTS	37.50
50	HAWAII	37.00
51	ILLINOIS	36.39

Source: U.S. Bureau of the Census, "Government Finances: 1989–90."
Table by the Office of the State Auditor
* Expenditures consist of direct current expenditures and capital outlays.

PART 1:

HOW DOES MINNESOTA COMPARE TO OTHER STATES?

Part 1 of this report uses national indicators to analyze how Minnesota is spending its elementary and secondary education tax dollars, with a specific focus on how Minnesota compares to other states and the national average.

HOW IS MINNESOTA SPENDING ITS TAX DOLLARS?

To determine where Minnesota's above-average state and local government spending for elementary and secondary education is going, Minnesota is compared to other states using national program and performance indicators.

Program data, such as student-to-teacher ratios and average teacher salaries, illustrate where our tax dollars are being spent. Program data also reflect the public policies of state and local governments. This report examines the following national program indicators:

- Capital outlays represent investment in buildings, land and equipment, and can be a significant cost of providing educational services.

- Nature of school districts, including the number and size of districts, is another factor which contributes to the costs of providing education services.

- Staff resources, including number of staff, student-to-teacher ratios, and staff salaries, are indicators of the commitment of resources to the education system. Teacher education and testing are used as indicators for the quality of teaching staff.

- Instruction time required serves as an indicator of the quality of the educational system and the amount of time spent in the classroom.

Performance measures serve as indicators for the effectiveness of the investment of tax dollars and provide information on what we are getting for our educational expenditures. In education, performance measures assess the achievement of students. Unfortunately, national data allowing the comparison of student achievement on a state-by-state basis are limited. This report looks at the following proxies for performance measures:

- Dropout rates;

- American College Testing (ACT) assessment results; and

- The National Assessment of Educational Progress' pilot mathematics achievement test.

Minnesota's Expenditures For Capital Outlay Were 34.5 Percent Above The National Average

State and local government expenditures for capital outlays[4] appear to be one factor that contributes to Minnesota's above average spending for elementary and secondary education. Table 4 ranks states by capital outlay per student using National Education Association data.

In 1990-1991, Minnesota's capital outlay per student for elementary and secondary education was $643, or 34.5 percent above the national average of $478. Minnesota ranked 9th in the nation in per student expenditures for capital outlay.

States ranking above Minnesota included Nevada, Washington, Arizona, Florida, New Mexico, Virginia, Missouri and California. It appears that expenditures for capital outlay are related to percentage growth in enrollment in four of the top states. Nevada, Florida, California and Washington also had the largest percentage increases in enrollment between 1986 and 1990. During the same time period, Minnesota ranked 9th in enrollment growth.

[4] Capital outlays are expenditures that result in the acquisition of fixed assets or additions to fixed assets, including expenditures for land or existing buildings, improvements of grounds, construction or remodeling of buildings, additions to buildings, or initial, additional and replacement equipment.

Table 4
CAPITAL OUTLAY PER STUDENT
1990–91

Rank	State	Capital Outlay * Per Student **
1	NEVADA	$1,706
2	WASHINGTON	963
3	ARIZONA	940
4	FLORIDA	931
5	NEW MEXICO	781
6	VIRGINIA	680
7	MISSOURI	652
8	CALIFORNIA	645
9	MINNESOTA	643
10	OKLAHOMA	633
11	COLORADO	593
12	MAINE	578
13	NEW YORK	553
14	KANSAS	544
15	SOUTH CAROLINA	533
16	SOUTH DAKOTA	522
17	NORTH CAROLINA	504
18	INDIANA	493
	UNITED STATES	478
19	MARYLAND	472
20	NEW HAMPSHIRE	470
21	GEORGIA	456
22	TEXAS	442
23	OREGON	429
24	OHIO	414
25	IDAHO	399
26	ARKANSAS	391
27	ALABAMA	390
28	ALASKA	355
29	MICHIGAN	354
30	IOWA	350
31	WYOMING	335
32	WISCONSIN	326
33	HAWAII	315
34	DISTRICT OF COLUMBIA	305
35	NORTH DAKOTA	305
36	CONNECTICUT	301
37	UTAH	288
38	VERMONT	277
39	DELAWARE	276
40	LOUISIANA	264
41	KENTUCKY	255
42	MASSACHUSETTS	253
43	ILLINOIS	249
44	NEBRASKA	230
45	MISSISSIPPI	229
46	WEST VIRGINIA	195
47	PENNSYLVANIA	122
48	MONTANA	110
49	NEW JERSEY	87
50	RHODE ISLAND	81
51	TENNESSEE	72

Source: National Education Association, "Estimates of School Statistics, 1991–92."

* Includes expenditures for land, buildings and equipment using 1990–91 revised estimates.

** In Average Daily Attendance.

Table by the Office of the State Auditor.

A comparison of capital outlays per student for surrounding states shows that South Dakota ranked 16th, Iowa was 30th, Wisconsin was 32rd, and North Dakota was 35th.

Capital investments can vary from year to year. Therefore, Chart 2 (on page 9) compares Minnesota's capital outlay per student to the national average for the past fifteen years. While Minnesota's position above the national average varies depending on the year, **Minnesota's capital outlay expenditures have been consistently higher than the national average.**

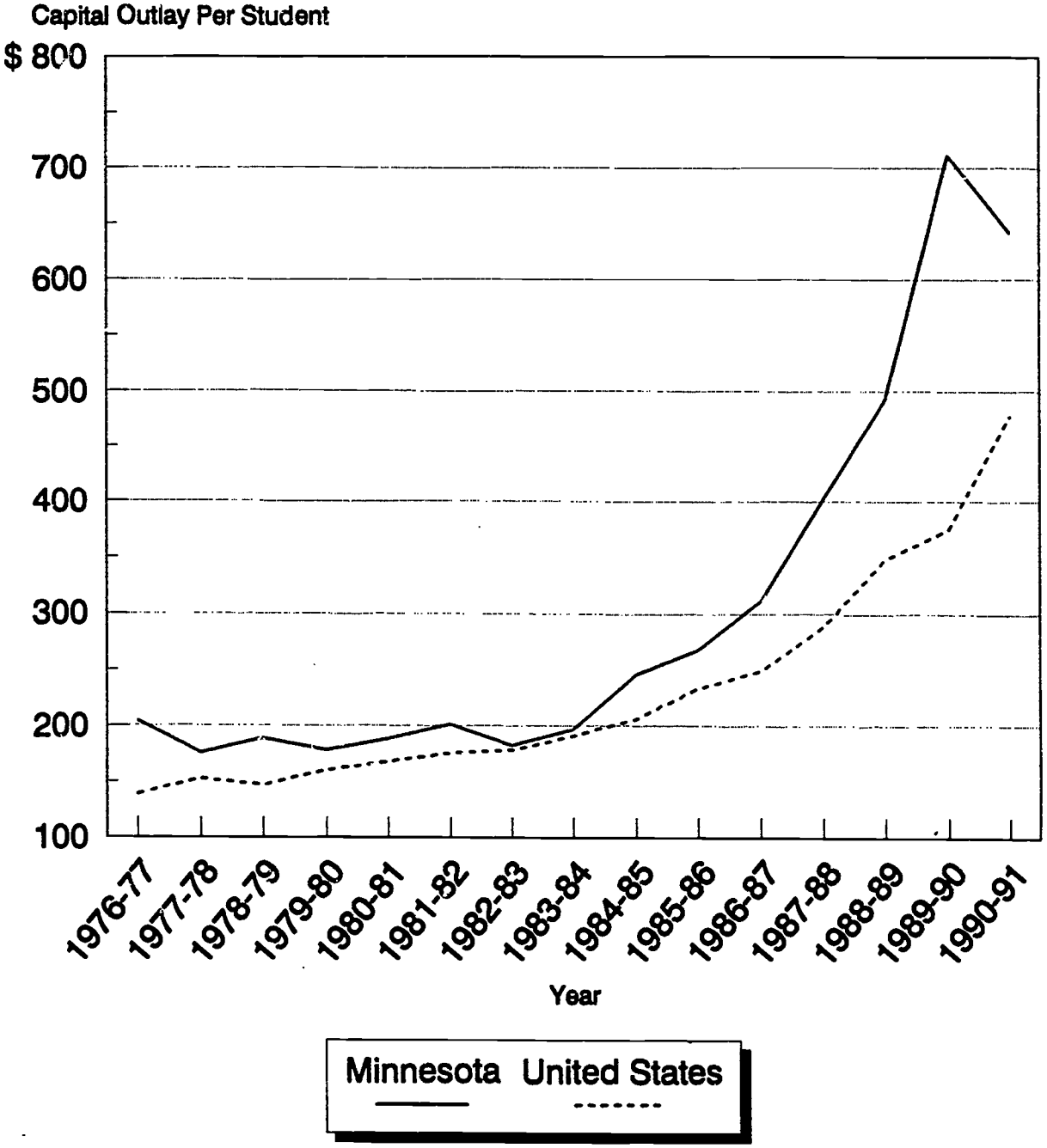
Minnesota's above-average expenditures for capital outlays accounted for slightly more than one half of Minnesota's total above-average spending for elementary and secondary education in 1990-91. After subtracting capital outlays, Minnesota's per student expenditures dropped from 5.4 percent to 2.7 percent above the national average.

Table 5
EDUCATION EXPENDITURES PER STUDENT
MINNESOTA COMPARED TO U.S. AVERAGE
1990-91

	Current Expenditures + Capital Outlay	Capital Outlay	Current Expenditures
Minnesota	$6,000	$643	$5,357
U.S. Average	$5,695	$478	$5,217
Difference	$305	$165	$140
% Above U.S. Average	5.4%	34.5%	2.7%

Minnesota's remaining 2.7 percent above-average expenditures are tied to total current expenditures for administering school districts and operating school sites. Unfortunately, national data on education spending does not allow for analysis of spending by program categories. The remainder of Part 1 compares Minnesota to other states using national program indicators. Part 2 examines how Minnesota spends its education tax dollars, including what factors contribute to Minnesota's above-average capital outlay per student.

Chart 2
CAPITAL OUTLAY PER STUDENT *
COMPARISON OF MINNESOTA AND THE U.S. AVERAGE
1977 THROUGH 1991



Source: NEA, "Estimates ofSchool Statistics." (Various years)

* Capital outlay includes expenditures for land, buildings and equipment.

See Appendix B for data.

Table by the Office of the State Auditor.

Minnesota Has More And Smaller School Districts Than The National Average

The number of administrative units maintained is another factor that affects the level of state and local government spending on education. A 1988 Legislative Auditor's Office report found that school districts with the fewest students were the most costly to operate, primarily because of lower student-to-teacher ratios. Table 6 compares the number and average size of school districts for each state.

Minnesota has more and smaller school districts than the national average. In 1990-91, **Minnesota had 424 school districts, or an average of one district for every 1,808 students, compared to a national average of one district for every 2,787 students. Minnesota ranked 38th in the nation in the number of students per school district. The size of Minnesota's school districts was 65 percent, or two-thirds the size, of the national average.**

Within Minnesota, the size of school districts varies widely. The median school district size is about 650 students. According to the Minnesota Department of Education (MDE), the largest 10 percent of Minnesota school districts enroll more than 50 percent of all students. Conversely, the smallest half of Minnesota's school districts, those with 650 or fewer students, enroll only nine percent of all elementary and secondary students.

It appears that the pattern of smaller school districts is common among states in the Upper Midwest. Of the thirteen states that rank below Minnesota with fewer students per district, eight were Midwestern states: Missouri, Kansas, Iowa, Oklahoma, South Dakota, North Dakota, Nebraska and Montana. Wisconsin is ranked 36th, just above Minnesota.

Minnesota encourages cooperation among school districts by supporting arrangements for pairing and sharing of staff and facilities. However, **one example of Minnesota's commitment to smaller school districts is the state's Sparsity Aid funding formula.** Sparsity Aid provides additional funding to small, isolated elementary and secondary school districts. Eligibility for Sparsity Aid is based on enrollment, distance to the nearest school and geographic area of the school district. In 1992-1993, approximately $6 million in sparsity aid was distributed to 55 of Minnesota's school districts. The availability of Sparsity Aid may implicitly encourage the continuation of smaller, geographically isolated school districts.

Table 6
PUBLIC SCHOOL DISTRICTS RANKED BY STUDENTS PER DISTRICT
FALL 1991

Rank	STATE	FALL 1991 SCHOOL ENROLLMENT	TOTAL SCHOOL DISTRICTS	STUDENTS PER SCHOOL DISTRICT
1	HAWAII	174,249	1	174,249
2	DISTRICT OF COLUMBIA	80,618	1	80,618
3	MARYLAND	736,238	24	30,677
4	FLORIDA	1,932,131	67	28,838
5	NEVADA	211,810	17	12,459
6	LOUISIANA	794,128	66	12,032
7	UTAH	454,218	40	11,355
8	NORTH CAROLINA	1,092,447	133	8,214
9	VIRGINIA	1,014,262	137	7,403
10	SOUTH CAROLINA	628,088	93	6,754
11	GEORGIA	1,177,382	183	6,434
12	TENNESSEE	832,330	139	5,988
13	WEST VIRGINIA	320,249	55	5,823
14	ALABAMA	726,115	130	5,586
15	DELAWARE	102,196	19	5,379
16	CALIFORNIA	5,107,145	1,009	5,062
17	RHODE ISLAND	140,915	37	3,809
18	KENTUCKY	634,098	176	3,603
19	NEW YORK	2,643,963	750	3,525
20	PENNSYLVANIA	1,692,797	500	3,386
21	COLORADO	593,030	176	3,369
22	MISSISSIPPI	501,577	151	3,322
23	TEXAS	3,460,378	1,050	3,296
24	NEW MEXICO	289,481	88	3,290
25	INDIANA	955,651	294	3,251
26	ARIZONA	655,575	220	2,980
27	WASHINGTON	870,913	296	2,942
28	OHIO	1,779,984	612	2,908
29	CONNECTICUT	482,340	166	2,906
	UNITED STATES	41,952,590	15,052	2,787
30	MICHIGAN	1,582,458	616	2,569
31	MASSACHUSETTS	846,155	355	2,384
32	ALASKA	118,680	54	2,198
33	WYOMING	99,734	49	2,035
34	IDAHO	225,680	113	1,997
35	ILLINOIS	1,848,166	947	1,952
36	WISCONSIN	814,671	428	1,903
37	NEW JERSEY	1,109,796	593	1,871
38	MINNESOTA	766,647	424	1,808
39	OREGON	497,600	291	1,710
40	MISSOURI	827,404	540	1,532
41	KANSAS	445,774	304	1,466
42	ARKANSAS	437,246	321	1,362
43	IOWA	491,363	425	1,156
44	NEW HAMPSHIRE	177,138	160	1,107
45	OKLAHOMA	588,300	592	994
46	MAINE	211,589	230	920
47	SOUTH DAKOTA	131,046	178	736
48	NORTH DAKOTA	117,719	262	449
49	NEBRASKA	278,457	750	371
50	VERMONT	97,137	296	328
51	MONTANA	155,522	527	295

Source: National Education Association, Washington D.C., "Rankings of the States, 1992."
Table by the Office of the State Auditor.

How Do Staffing Patterns In Minnesota's Schools Differ From The National Average?

The most important resource in the educational system is its staff -- classroom teachers, administrators, and support staff such as secretaries and bus drivers. The cost of staff is measured by a combination of the number of staff and the salaries paid to staff.

In 1991, Minnesota ranked 33rd with 17.1 students to every classroom teacher, which is lower than the national average of 17.3. With student-teacher ratios, a lower ratio, or fewer students per teacher, is better. Table 7 (on page 13) summarizes student-to-teacher ratios for the past three years based on National Education Association data. Student-to-teacher ratios are a significant factor in the cost of education. Lower student-to-teacher ratios can contribute to a higher per student expenditure on education. Over the past several years, Minnesota's student-to-teacher ratio has fluctuated from 17.2 to 17.4 to 17.1. During this time, Minnesota's student-to-teacher ratio has been either the same as or close to the national average.

Neighboring states had lower student-to-teacher ratios than Minnesota. Iowa, Wisconsin, North and South Dakota, Nebraska, and Illinois had ratios that range from 16.8 to 14.8 students to every teacher.

Comparing student-to-teacher ratios to expenditures per student (Table 8) reveals that a handful states with the lowest student-to-teacher ratios tend to rank high in expenditures per student.

Table 8
RELATIONSHIP OF STUDENT-TO-TEACHER RATIO TO EXPENDITURES PER STUDENT

STATE	Rank for Per Student Expenditures	Student-to-Teacher Ratio Rank	Student-to-Teacher Ratio
D.C.	5	1	13.0
New Jersey	1	2 tie	13.8
Vermont	16	2 tie	13.8
Connecticut	4	4	13.9
Maine	12	5	14.3
New York	2	6	14.7
Minnesota	17	33	17.1

Table 7
STUDENTS ENROLLED PER TEACHER IN PUBLIC SECONDARY AND ELEMENTARY SCHOOLS

Student–to–Teacher Ratios

Rank	State	Fall 1989	Rank	State	Fall 1990	Rank	State	Fall 1991
1	D.C.	12.5	1	D.C.	13.2	1	D.C.	13.0
2	Connecticut	13.4	2	Connecticut	13.4	2	New Jersey	13.8
3	New Jersey	13.5	3	Vermont	13.5		Vermont	13.8
4	Vermont	13.6	4	New Jersey	13.6	4	Connecticut	13.9
5	Massachussetts	14.0		New York	14.0	5	Maine	14.3
	New York	14.0	6	Maine	14.5	6	New York	14.7
7	Rhode Island	14.4	7	Rhode Island	14.6		Rhode Island	14.7
8	Maine	14.7	8	Nebraska	14.8	8	Nebraska	14.8
9	Nebraska	14.8	9	Kansas	15.0	9	Massachussetts	15.1
10	Kansas	15.0		West Virginia	15.0	10	Kansas	15.2
	Wyoming	15.0		Wyoming	15.0		North Dakota	15.2
12	North Dakota	15.1	12	Massachussetts	15.4	12	South Dakota	15.3
13	West Virginia	15.2		South Dakota	15.4		West Virginia	15.3
14	Iowa	15.5	14	Iowa	15.5	14	New Hampshire	15.5
	South Dakota	15.5	15	North Dakota	15.6	15	Iowa	15.6
16	Pennsylvania	15.7		Virginia	15.6		Oklahoma	15.6
	Virginia	15.7	17	Oklahoma	15.7		Wyoming	15.6
18	Missouri	15.8	18	Missouri	15.8	18	Montana	15.7
	Montana	15.8	19	Montana	15.9		Virginia	15.7
20	New Hampshire	16.2	20	Texas	16.4		Wisconsin	15.7
	Oklahoma	16.2	21	New Hampshire	16.5	21	Missouri	15.8
22	Delaware	16.4	22	Pennsylvania	16.6	22	Texas	16.3
	Texas	16.4		Wisconsin	16.6	23	Alaska	16.5
24	Alaska	16.6	24	Delaware	16.7	24	Georgia	16.7
25	Georgia	16.9		Georgia	16.7	25	Delaware	16.8
	Wisconsin	16.9	26	Illinois	16.8		Illinois	16.8
27	Illinois	17.0	27	Alaska	17.0		North Carolina	16.8
28	Arkansas	17.1		Arkansas	17.0		Pennsylvania	16.8
	New Mexico	17.1		Maryland	17.0	29	Arkansas	16.9
	North Carolina	17.1		North Carolina	17.0	30	Kentucky	17.0
31	Florida	17.2	31	Florida	17.2		Maryland	17.0
	Maryland	17.2		Kentucky	17.2		New Mexico	17.0
	Minnesota	17.2		Ohio	17.2	33	Minnesota	17.1
				South Carolina	17.2	34	Ohio	17.2
	United States	17.2				35	Indiana	17.3
				United States	17.2		South Carolina	17.3
34	South Carolina	17.3						
35	Ohio	17.4	35	Minnesota	17.4		United States	17.3
36	Indiana	17.5		New Mexico	17.4			
37	Colorado	17.6	37	Hawaii	17.5	37	Hawaii	17.4
	Kentucky	17.6		Indiana	17.5	38	Florida	17.6
	Louisiana	17.6	39	Colorado	17.8	39	Alabama	17.7
40	Hawaii	18.2	40	Louisiana	18.0	40	Colorado	17.9
41	Alabama	18.3		Mississippi	18.0	41	Louisiana	18.0
	Mississippi	18.3	42	Alabama	18.1		Mississippi	18.0
43	Oregon	18.4	43	Arizona	18.4	43	Nevada	18.6
44	Tennessee	19.0	44	Oregon	18.5		Oregon	18.6
45	Idaho	19.4	45	Tennessee	19.1	45	Tennessee	19.3
46	Michigan	20.1	46	Nevada	19.4	46	Idaho	19.4
	Washington	20.1	47	Idaho	19.6	47	Arizona	19.6
48	Arizona	20.2		Michigan	19.6	48	Michigan	19.7
49	Nevada	20.4	49	Washington	20.1	49	Washington	20.3
50	California	23.0	50	California	23.1	50	California	23.1
51	Utah	23.9	51	Utah	25.6	51	Utah	24.8

Source: National Education Association, Washington, D.C., "Rankings of the States." (Years 1990, 91, 92.)
Table by the Office of the State Auditor.

Another way to examine how Minnesota's tax dollars are being used within the elementary and secondary school system is to look at staffing patterns. U.S. Department of Education (DOE) data are used to compare the numbers and types of staff. Table 9 shows the number of staff per 1,000 students in 1990. The DOE data make distinctions between staff who administer the functions of *school districts* and staff who administer and work in the *schools*.

At the school district level, Minnesota had more school district administrators and support staff than the national average. Minnesota had a total of 6.5 school district officials, administrators and administrative support staff for every 1,000 students, compared to a national average of 5.0. **Minnesota had 27 percent more school district administrators and support staff per 1,000 students than the national average.** Minnesota's high ratio of school district administrative and support staff can be directly attributed to our relatively large number of school districts. In fact, at the school building level, Minnesota had fewer administrators and support staff per 1,000 students than the national average.

At the school building level, Minnesota's resources have been invested in teachers and instructional aides. In the fall of 1990, **Minnesota had 57.8 teachers for every 1,000 students, or just 0.5 percent less than the national average of 58.1. Minnesota had 10.7 instructional aides for every 1,000 students, or 11 percent more than the national average of 9.6.** In the subtotal for school staff, Minnesota had 77.0 school staff for every 1,000 students, or 2.2 percent less than the national average of 78.7.

Table 9
ELEMENTARY AND SECONDARY SCHOOL STAFF PER 1000 STUDENTS
Fall 1990

	Minnesota	National Average	Minnesota as a Percent of the U.S. Average
Total	102.7	109.1	94.1%
School District			
Officials/Administrators	2.1	1.8	116.6%
Administrative Support	4.4	3.2	137.5%
Subtotal	6.5	5.0	126.7%
School Staff			
Administrators	2.2	3.1	71.0%
School/Library Support	4.1	4.7	87.2%
Teachers	57.8	58.1	99.5%
Instructional Aides	10.7	9.6	111.5%
Guidance counselors	1.2	2.0	60.0%
Librarians	1.0	1.2	83.3%
Subtotal	77.0	78.7	97.8%
Other Support *	19.2	25.3	75.9%

Source: U.S. Department of Education, NCES, "Digest of Education Statistics, 1992."

* Bus Drivers, maintenance, and food service.

Table by the Office of the State Auditor.

Average Salary For Minnesota's Teachers Dropped Below The National Average

Staff salaries constitute a large portion of the total education budget. **In 1991-92, the average salary for classroom teachers in Minnesota was $33,700, 1.3 percent (or $448) below the national average of $34,148. Minnesota ranked 20th when compared to other states.** Table 10 compares the average salary for classroom teachers in Minnesota to other states and the national average.[6]

An analysis of the change in average salary between 1985-86 and 1991-92 indicates that **the U.S. average has increased faster than the average salary for Minnesota teachers.** Between 1985-86 and 1991-92, the average salary of Minnesota teachers increased 23.2 percent from $27,360 to $33,700. However, during that same time period, the U.S. average increased 34.9 percent from $25,313 to $34,148.

The average salary for Minnesota teachers was higher than those for teachers in surrounding states. Wisconsin, with a rank of 13th and average teacher salary of $35,227, was the only neighboring state that outperformed Minnesota. In comparison, Iowa ranked 34th, North Dakota was 49th and South Dakota was 51st.

[6] National Education Association is the source of average salary data for classroom teachers. Data for 1991-92 is estimated.

Table 10
AVERAGE SALARY FOR PUBLIC SCHOOL TEACHERS
1991–92

Rank	State	Average Salary *
1	CONNECTICUT	$46,971
2	ALASKA	44,718
3	NEW YORK	43,335
4	DISTRICT OF COLUMBIA	41,256
5	MICHIGAN	41,149
6	NEW JERSEY	41,027
7	CALIFORNIA	40,192
8	MARYLAND	39,500
9	PENNSYLVANIA	38,715
10	MASSACHUSETTS	37,256
11	ILLINOIS	36,461
12	RHODE ISLAND	36,047
13	WISCONSIN	35,227
14	INDIANA	34,809
15	WASHINGTON	34,800
16	DELAWARE	34,548
17	HAWAII	34,528
	UNITED STATES	34,148
18	OREGON	34,100
19	NEVADA	33,857
20	MINNESOTA	33,700
21	VERMONT	33,646
22	OHIO	33,253
23	NEW HAMPSHIRE	33,170
24	COLORADO	33,072
25	VIRGINIA	31,921
26	ARIZONA	31,176
27	FLORIDA	31,070
28	KENTUCKY	30,870
29	KANSAS	30,731
30	WYOMING	30,425
31	MAINE	30,097
32	GEORGIA	29,509
33	NORTH CAROLINA	29,236
34	IOWA	29,202
35	TEXAS	29,041
36	MISSOURI	28,921
37	TENNESSEE	28,621
38	SOUTH CAROLINA	28,340
39	MONTANA	27,590
40	WEST VIRGINIA	27,366
41	NEBRASKA	27,231
42	LOUISIANA	27,037
43	ALABAMA	26,954
44	NEW MEXICO	26,653
45	ARKANSAS	26,569
46	UTAH	26,524
47	IDAHO	26,334
48	OKLAHOMA	25,339
49	NORTH DAKOTA	24,495
50	MISSISSIPPI	24,368
51	SOUTH DAKOTA	23,291

Source: National Education Association, "Rankings of the States, 1992."
* Salary excluding benefits.
Table by the Office of the State Auditor.

The states with the highest average teacher salary tend to have the highest expenditures per student. Connecticut, Alaska, New York, the District of Columbia and New Jersey ranked among the highest for both indicators.

The length of teaching experience is one factor that affects teacher salaries. In 1987-88, 70 percent of Minnesota's teachers had ten or more years of experience. This compares to a national average of 66 percent. (See table on page 4 of Appendix B.) Comparing average teacher salaries and expenditures per student with average tenure shows that six of the seven states ranking highest in teacher tenure also had the highest average teacher salaries and the highest expenditures per student for education. These states are the District of Columbia, Pennsylvania, Massachusetts, Connecticut, New Jersey and Maryland. In Minnesota these factors did not follow the same pattern. Minnesota ranked 10th in proportion of teachers with ten or more years experience, 17th in expenditures per student and 20th in average teacher salaries.

Minnesota's Requirements For Teacher Certification Are Less Demanding Than Other States

According to the Council of Chief State School Officers, "A true measure of the quality of teachers' professional performance is not available." Instead, proxies related to teacher education and teacher testing are used as indicators for the quality of teaching staff.

Minnesota is one of 29 states that requires a basic skills test prior to admission to a teacher education program. In comparison, 18 states do not have any testing requirements and four states require more sophisticated professional skills, content-based and/or in-class observation testing requirements. Among neighboring states, no clear pattern emerged. Iowa, South Dakota and Kansas do not require a test; Wisconsin, Nebraska and Illinois required a basic skills test like Minnesota. Only North Dakota requires in-class observation in addition to a basic skills test.

Minnesota is one of a minority of states that does not require professional skills, content-based testing for initial teacher certification. Minnesota merely requires a basic skills test for initial teacher certification. Five other states, including Wisconsin and Nebraska, have a similar requirement. Eleven states, including North and South Dakota and Illinois, do not require a test for initial teacher certification. However, 34 states require some combination of basic skills, professional skills, content-based or in-class observation testing prior to teacher certification. Iowa and Kansas are in the latter group of states.

Since uniform skills testing and teacher performance data are not available, proxies are used as an indicator for the quality of teaching staff. Educational attainment of Minnesota's elementary and secondary teachers is one such proxy.

U.S. Department of Education data are used to compare the highest degree earned by teachers in each state. (See table on page 5 of Appendix B.) **For 31 percent of Minnesota teachers the highest degree earned was a master's degree. This compares to a national average of 40 percent. Minnesota ranked 35th among other states and the District of Columbia.**

Among surrounding states, Wisconsin ranked 32nd just above Minnesota with the proportion of teachers with master's degrees and Iowa ranked 36th just below Minnesota. South and North Dakota, two states with the lowest average teacher salaries, also had the two lowest proportions of teachers who had earned master's degrees.

Minnesota Has Average Requirements For Instruction Time Each Year

In 1990, **in the elementary school system, Minnesota required 875 hours of instruction time each year for first- through third-grade students and 962.5 hours each year for fourth- through sixth-grade students. Minnesota ranked 28th in instruction time required for elementary school students.** (See table on page 6 of Appendix B.) Twenty-seven states require more total school hours of instruction than Minnesota for elementary schools. Among surrounding states, South Dakota had the same requirements as Minnesota; Iowa, North Dakota and Wisconsin require more school hours per year than Minnesota; and Illinois and Indiana require fewer school hours per year.

In the secondary school system, Minnesota required a total of 1,050 hours of school each year. Four other states also require 1,050 hours of school each year: Alabama, Kentucky, Oklahoma, Wyoming. **Minnesota ranked 18th in instruction time required each year for secondary school students.** Seventeen states require longer school years, with the majority at 1,080 hours of school each year. States in this category include: North Dakota, Wisconsin, Indiana, Kansas.

WHAT IS MINNESOTA GETTING FOR ITS ABOVE-AVERAGE EDUCATION SPENDING?

The ultimate goal of the educational system is student academic achievement. Performance indicators measure the attainment levels of students and assess the achievement of Minnesota students compared to students in other states and the nation. Unfortunately, accurate, comprehensive and nationally-comparable performance measures are not currently available. The databases of numerous national educational organizations and agencies lack state-by-state measures of student educational outcomes. Generally, there is lack of uniform definitions, consistent and uniform data gathering across states, and follow-up data on students after they leave school.

This gap in information has not gone unnoticed. Numerous national organizations and federal agencies are working to address the scarcity of achievement data. The National Governors' Association recent research on education emphasizes the importance of performance data for assessing the outcomes of the nation's educational system. The National Assessment for Educational Progress (NAEP) has begun a pilot program to collect state-by-state data on mathematics proficiency in 1990 and on mathematics and reading in 1992. The results of the 1990 pilot are discussed in this report. **The development of useful data on achievement and other outcome measures is critical to evaluate whether the educational system is achieving its various goals.**

Although the indicators examined in this report are not measures of overall achievement, they do reflect favorably on Minnesota's educational system compared to other states. Proxies for performance measures examined below include dropout rates, ACT test results and the results of the NAEP pilot mathematics achievement test.

Minnesota Has Second Lowest Dropout Rate In The Nation

High school completion rates, graduation rates and dropout rates can all be measured in a variety of ways. For the purposes of this report, "status" dropout rates[6] are used as a proxy for partially reflecting the success of the educational system. Table 11 compares states using U.S. Department of Education data for 1990. With dropout rates, low "status" dropout rate is positive.

Minnesota ranked 2nd among all other states and the District of Columbia with a status dropout rate of 6.1 percent. In other words, 6.1 percent of Minnesota's population between 16 and 19 years old were not currently enrolled in, and had not graduated from, high school. This compares to a national average of 11.2 percent.

[6] "Status" dropout rates measure the proportion of the population between 16 and 19 years old who have not completed high school and are not enrolled at one point in time, regardless of when they dropped out. "Status" dropout rates are important because they reveal the extent of the dropout problem in the population. "Status" dropout rates are higher than "event" dropout rates because they represent a cumulative impact of annual "event" dropout rates over a number of years. "Event" dropout rates reveal how many students are leaving high school each year.

Table 11
PERCENTAGE OF STATUS DROPOUTS 1990

Rank	State	Status Dropout Rate
1	NORTH DAKOTA	4.3
2	MINNESOTA	6.1
3	WYOMING	6.3
4	IOWA	6.5
5	NEBRASKA	6.6
6	WISCONSIN	6.9
7	HAWAII	7.0
8	MONTANA	7.1
9	SOUTH DAKOTA	7.1
10	UTAH	7.9
11	MAINE	8.4
12	KANSAS	8.4
13	VERMONT	8.7
14	OHIO	8.8
15	CONNECTICUT	9.2
16	NEW JERSEY	9.3
17	PENNSYLVANIA	9.4
18	MASSACHUSETTS	9.5
19	COLORADO	9.6
20	IDAHO	9.6
21	ALASKA	9.6
22	OKLAHOMA	9.9
23	NEW HAMPSHIRE	9.9
24	MICHIGAN	9.9
25	NEW YORK	10.1
26	WASHINGTON	10.2
27	VIRGINIA	10.4
28	ILLINOIS	10.4
29	WEST VIRGINIA	10.6
30	NEW MEXICO	10.8
31	ARKANSAS	10.9
32	MARYLAND	11.0
33	OREGON	11.0
	UNITED STATES	11.2
34	DELAWARE	11.2
35	MISSOURI	11.2
36	INDIANA	11.4
37	MISSISSIPI	11.7
38	LOUISIANA	11.9
39	SOUTH CAROLINA	11.9
40	TEXAS	12.5
41	ALABAMA	12.6
42	RHODE ISLAND	12.9
43	KENTUCKY	13.0
44	NORTH CAROLINA	13.2
45	TENNESSEE	13.6
46	GEORGIA	14.1
47	FLORIDA	14.2
48	CALIFORNIA	14.3
49	ARIZONA	14.3
50	NEVADA	14.9
51	DISTRICT OF COLUMBIA	19.1

Source: U.S. DOE, NCES, "Fourth Annual Dropout Report to Congress." Table by the Office of the State Auditor.

Minnesota's Average ACT Test Score Results Are Above the National Average

A national standardized test for academic achievement does not exist. College entrance examinations are the closest thing to a standardized test used by numerous states. However, the ACT test is not a test for overall student achievement or performance. ACT assessments are taken by college-bound high school students and the test results are used to predict how well those students might perform in college.

Several factors limit the usefulness of the ACT test scores. First, not all states use the ACT test. The ACT test is the most common college-admission examination for students in 28 states including Minnesota. It is used predominantly by students living in the Midwest, Rocky Mountains, Plains and the South. Second, the proportion of students taking the test varies across states, so the test does not report on comparable samples of students among states. In 1991-92, 62 percent of Minnesota graduates took the ACT test.

Given these caveats, **in 1991-92 Minnesota's average ACT test score was 21.5, 4.3 percent above the national average of 20.6. Minnesota's average test score has been consistently above the national average.**

Minnesota Students Ranked Among The Top Five States In A Math Achievement Test

One measure of education achievement is performance on academic proficiency examinations. The National Assessment of Educational Progress (NAEP) has been monitoring the educational achievement of American students for the past 20 years. Generally, NAEP focuses on nationwide assessment data on proficiency in reading, writing, science, mathematics, and does not provide state-by-state data that permit comparisons among states.

In 1990, NAEP conducted a pilot program to collect state-level data in mathematics proficiency among eighth grade students. Thirty-seven states, including Minnesota, participated in the trial. (See table on page 7 of Appendix B for a summary of the NAEP mathematics proficiency test results.)

Minnesota's eighth grade students had an average mathematics proficiency of 276, compared to the national average of 261. Minnesota consistently joined North Dakota, Montana, Iowa, and Nebraska as the higher-performing states. Minnesota consistently ranked among the top five states in the content areas of the mathematics proficiency test and tested above the national average.

When the three functional levels of mathematics proficiency are examined:

- 99 percent of Minnesota students were able to perform simple additive reasoning and problem solving (level 200 of math proficiency), or 2 percentage points above the national average;

- 82 percent of Minnesota students were able to perform simple multiplication and two-step problem solving (level 250 of math proficiency), or 18 percentage points above the national average; and

- 20 percent of Minnesota students were able to perform reasoning and problem solving involving fractions, decimals, percents, elementary geometry and simple algebra (level 300 of math proficiency), or 8 percentage points above the national average.

NAEP's examination of background factors found that "higher-performing states tended to have had fewer students in large-city schools, fewer students in free-lunch programs, smaller percentages of minority students, smaller percentages of students watching six or more hours of television each day, and larger percentages of students with both parents at home."[7]

[7] National Center for Education Statistics, The State of Mathematics Achievement, June 1991, page 17.

PART 1: FINDINGS AND CONCLUSIONS

Minnesota's elementary and secondary expenditures per student have been consistently above the national average. In 1990-91, Minnesota's expenditures[8] per student were $6,000, or 5.4 percent, above the national average of $5,695. Part 1 of this report has examined how Minnesota is spending its elementary and secondary education tax dollars. **How do the nature and amount of educational services provided by Minnesota compare to and differ from other states and the national average?**

Analysis of national program and performance indicators has found the following:

- **Minnesota's expenditures for capital outlays account for about half of Minnesota's total above-average spending for elementary and secondary education.**

  In 1990-91, Minnesota's capital outlay per student was $643, 34.5 percent above the national average of $478. After subtracting capital outlays, Minnesota's per student expenditures dropped from 5.4 percent to 2.7 percent above the national average.

- **In 1991-92, for the first time in many years, the average salary for Minnesota teachers dipped below the national average.** An analysis of the change in average salary indicates that the U.S. average has increased faster than the average salary for Minnesota teachers.

- **Minnesota has 424 school districts, or an average of one district for every 1,808 students. This compares to a national average of one district for every 2,787 students.** Minnesota's dependence on a large number of relatively small school districts is clear. Fifty percent of Minnesota's school districts have fewer than 650 students and enroll only nine percent of all elementary and secondary students.

- **In 1991, Minnesota ranked 33rd with a student-to-teacher ratio of 17.1, which was slightly lower than the national average of 17.3.**

  States with the highest expenditures per student tend to have low student-to-teacher ratios. The four states with the highest spending also have the lowest student-to-teacher ratios: the District of Columbia, New Jersey, Connecticut, and New York.

- **Minnesota had 6.5 school district administrators and support staff for every 1,000 students, compared to a national average of 5.0. Thus, Minnesota had 27 percent more school district administrators and support staff per 1,000 students than the national average.** The disproportionate number of school district staff is partially the result of Minnesota's numerous small school districts.

- Minnesota is one of only 17 states that does not require a professional skills test for initial teacher certification. Minnesota merely requires a basis skills test.

---

[8] Current expenditures plus capital outlays.

- Only 31 percent of Minnesota teachers have earned a master's degree compared to a national average of 40 percent. This is in marked contrast to the large proportion (70 percent) of Minnesota teachers with ten or more years of experience compared to the national average (66 percent).

- In terms of total instructional time required each year, Minnesota requires between 875 and 962.5 hours instruction for elementary school. Minnesota's required instruction time for elementary school students ranked 28th compared to other states. Minnesota requires 1,050 hours of instruction for secondary school students. Minnesota's mandatory instruction time for secondary students ranked 17th compared to other states.

- **Minnesota ranked 2nd in a national comparison of dropout rates.** Six percent of Minnesota's population between 16 and 19 years of age are not currently enrolled in, and have not graduated from, high school. This compares to a national average of 11.2 percent.

- In 1991-92, Minnesota's average ACT test score was 21.5, 4.3 percent above the a national average of 20.6. Minnesota's average test score has been consistently above the national average.

- **In a National Assessment of Educational Progress pilot mathematics achievement test for eighth grade students, Minnesota consistently tested above the national average, and joined North Dakota, Montana, Iowa, Nebraska and Wisconsin as the high-performing states.**

Unfortunately, national data on education spending do not allow for the analysis of spending by program categories. Part 2 of this report examines actual education expenditures for Minnesota to determine how the state's education tax dollars are being spent.

PART 2:

HOW ARE MINNESOTA'S EDUCATION TAX DOLLARS BEING SPENT?

Comparing Minnesota to other states using national indicators does not identify what major forces are driving elementary and secondary spending in Minnesota. National data on educational expenditures do not allow for analysis of spending by program categories. To obtain this level of detail, actual education expenditures need to be examined.

This section analyzes actual expenditures for elementary and secondary education in Minnesota between the 1985-86 and 1990-91 school years to provide a more in depth understanding of how Minnesota's education tax dollars are being spent and what Minnesota is getting for its tax dollars.

Minnesota Department of Education (MDE) Uniform Financial Accounting and Reporting Standards (UFARS) data are used to analyze expenditures by program category and type of activity.[9] Appendix C contains definitions for UFARS program categories and activity types. The financial data analyzed in this section have been adjusted for inflation by converting 1991 data to constant 1986 dollars using the Consumer Price Index.

TRENDS IN EDUCATION SPENDING IN MINNESOTA

During the 1990-91 school year, Minnesota school districts spent $4.6 billion on elementary and secondary education. **Education spending increased 23 percent between 1986 and 1991, after being adjusted for inflation.** Elementary and secondary school enrollment between 1985-86 and 1990-91 increased 7.2 percent, from 699,233 to 749,825.

The spending trends examined in the remainder of this section include:

- Growth in non-operating expenditures;
- Increased spending by type of activity, focusing on total compensation and capital expenditures; and
- Increased spending by program category, focusing on special education.

[9] The Minnesota Legislative Auditor's Office published a report analyzing the Minnesota Department of Education's UFARS system in February 1990. This report recommended that the quality of education spending financial data be improved and that the data be used with caution. While not an ideal data base, UFARS is the only available source of statewide education expenditure data.

Non-Operating Expenditures Grew Faster Than Operating Expenditures

Operating expenditures include all expenditures incurred for the benefit of elementary and secondary education, including costs associated with all instruction activities, administration, operations and maintenance, food service, transportation, and miscellaneous services. Operating expenditures account for the vast majority of total education expenditures. Non-operating expenditures include capital outlay and debt service expenditures. Table 12 shows the distribution of operating and non-operating expenditures.

Between 1986 and 1991, **non-operating expenditures increased by 54 percent, while operating expenditures increased by 17 percent. As a result, operating expenditures decreased as a share of total education spending from 85.4 percent in 1986 to 81.7 percent in 1991.**

Table 12
DISTRIBUTION OF OPERATING AND NON–OPERATING EXPENDITURES

	1985–86 Percent of Total Expenditures	1990–91 Percent of Total Expenditures	Percent Change 1986–91
Operating	85.4%	81.7%	16.7%
Non–Operating	12.4%	15.5%	53.5%
Other Community Service	2.3%	2.8%	48.1%

Source: Minnesota Department of Education, "School District Profile," 1985–86 and 1990–91.
Table by the Office of the State Auditor.

Compensation And Capital Expenditures Account For Much Of The Growth In Education Spending By Type Of Activity

Salaries and Benefits:

Total compensation, salaries[10] and benefits[11] combined, accounted for 67 percent of all education expenditures in 1990-91 and represented the largest component of education spending. Total compensation for elementary and secondary education personnel increased $339 million between 1985-86 and 1990-91, a 15 percent increase. The growth in total compensation accounted for 39 percent of the total increase in education spending. Total compensation was a driving force behind the overall increases in education spending between 1986 and 1991. (See table and chart on page 8 of Appendix B.)

Based on UFARS data, the distribution of salaries also reflects the primary activity of the school system: instruction. In 1990-91, 69 percent of total salaries and wages were paid to instructional staff and 12 percent to instructional support staff. School district administration accounted for 10 percent of total salaries and wages and other support staff accounted for 6 percent.

Between 1986 and 1991, benefits had a faster rate of growth than salaries: benefits increased by 21 percent and salaries increased by 14.5 percent. The escalating cost of health insurance coverage appears to be the primary factor in increased spending for benefits. According to Minnesota School Boards Association data, the costs of health insurance benefits for licensed staff grew an average of 58 percent between 1986 and 1991.

Capital Expenditures:

Capital expenditures, which consist of spending for land, buildings, and equipment, including building renovations and additions, **had the fastest rate of growth of all expenditures, 89 percent in constant dollars, between 1986 and 1991. Capital expenditures accounted for about one-fifth of the total increase in education spending** during this time period. As was noted above, capital expenditures represent an increasing share of total educational expenditures.

---

[10] Salaries and wages for all full- and part-time employees including administrative; licensed, professional (teachers); and support.

[11] Benefits include group hospitalization, social security contributions and teacher retirement. The 1985-86 employee benefits data does not include the employer's share of costs of teacher's retirement and contributions to social security because these costs were paid directly by the state. School districts began paying these costs in the 1986-87 school year. The 1985-86 benefits figures have been adjusted to include the state's costs for these benefit items.

A more detailed examination of UFARS data shows that the primary categories of spending under capital expenditures in 1991 include: building acquisition or construction which accounted for 32 percent of total capital expenditures and had the largest increase since 1986; additions and improvements to buildings, 35 percent; purchase of buses and other transportation vehicle for students, 4.3 percent; acquisition and improvements to land, 6.5 percent; and other purchased equipment including furniture and audio-visual aids, 20 percent.

Some of the factors contributing to Minnesota's expenditures for capital outlay include: increased enrollment in some districts, particularly suburban districts; federal and state standards and requirements related to asbestos containment or removal, fire safety, and disabled access; and capital fund equalization. The relative age of many Minnesota school buildings also contributed to the need for increased capital spending in Minnesota. Of the 1,536 school buildings in Minnesota 38 percent are over 50 years old, compared to a national average of 31 percent.

Minnesota may continue to see large increases in capital spending by Minnesota school districts. Based on a recent survey of school districts, **MDE has estimated that the deferred maintenance costs for Minnesota's schools is $1.5 billion.** This figure includes estimates to either repair or replace electrical, heating and plumbing systems, fire alarms, roofs and windows, ceilings, floors and interior lighting. **Although capital expenditures by Minnesota schools is the fastest growing category of spending, far exceeding the capital expenditures of other states, there continues to be an alarming unmet need for more capital investment in Minnesota schools.**

Purchased Services:

Expenditures for purchased services[12] grew by 69 percent in constant dollars and accounted for about one-fourth of the total increase in spending between 1986 and 1991.[13]

The increased spending for purchased services between 1986 and 1991 can be attributed to increases in the areas of contracting for professional, technical and other personal services; postage and express parcel services; repair and maintenance services; rentals and leases; reimbursements between school districts for tuition agreements and other charges; travel for professional development; and printing and binding services.

[12] Expenditures related to personal services provided by personnel not on the payroll and other purchased services. Examples include the school board per diem, transportation contracts with private operators, travel.

[13] Changes in purchased services could be caused by either increased spending or changes in the way services are provided. For example, a school district may decide to contract for transportation services instead of operating its own fleet of buses. In this case, the expenditures would shift from being recorded under salaries for bus drivers and supplies for fuel to purchased services.

Within Instruction, Special Education Is A Major Factor In Minnesota's Increasing Education Spending

Instruction:

The regular, vocational, exceptional instruction,[14] and instruction support services[15] combined represented 55.9 percent of total education expenditures for 1990-91. The major component of "instructional" spending was staff salaries and benefits.

Regular instruction represented the largest component of overall instruction, with 37 percent of total expenditures. But, **exceptional instruction had the fastest growth in spending[16] and accounted for about one-third of the increased spending for education between 1986 and 1991.** (See table and chart on page 9 of Appendix B.) The majority of spending in exceptional instruction is for special education, instruction of students with handicapping or potentially handicapping conditions.

Special Education:

Between 1986 and 1991, **the number of special education teachers and para-professionals increased while the number of special education students remained relatively stable. Therefore, the student-to-teacher/paraprofessional ratios in special education dropped.** The ratio of special education students-to-teacher declined from 12.8 to 11.6. The ratio of special education students-to-paraprofessional declined from 27.6 to 20.0. (See tables on pages 10 and 11 of Appendix B.) During the same time, spending for special education increased about 47 percent, from $232 million to $341 million.[17]

---

[14] Exceptional instruction is the instruction of students who, because of atypical characteristics or conditions, are provided with educctional programs that are different from regular instructional programs, including students who are emotionally handicapped, gifted and talented, mentally retarded, and students with physical impairments and learning and behavior problems.

[15] Expenditures for activities to help teachers provide instruction such as curriculum development, libraries, audio-visual support, staff development and computer assisted instruction.

[16] The growth rates for program items (see Table B-9 of Appendix B) are overstated because of changes in financing and UFARS reporting practices between 1986 and 1991. First, the 1985-86 employee benefits data does not include the employer's share of costs for teacher's retirement and social security because these costs were paid directly by the state. School districts began paying these costs in the 1986-87 school year. The 1985-86 data has been adjusted to include the state's costs for these benefits. Second, the decrease in the other program category represents a change in reporting. In 1985-86, some school districts reported benefit costs under this category. In 1989-90, school districts began allocating benefit costs to specific program categories, such as regular instruction, instead of to other program category.

[17] Data from special education staff in MDE, not related to UFARS.

Increases in the number of special education staff could be attributed to a number of factors: existing and expanded federal and state mandates; increased emphasis on main streaming of special education students into regular classrooms; and the increased use of paraprofessionals in the regular classroom setting. Although special education receives special funding from the state, the state's share of program funding has decreased since 1985. Part of the burden of special education financing has shifted to the local property tax.

The need for special education could increase in future years as "crack babies" begin needing services provided by the school system. In addition, the continued main streaming of special education students could increase special education staffing levels and the amount of resources needed for special education programs.

Sites, Buildings and Equipment:

The program category of sites, buildings and equipment consists of activities related to the operations, maintenance, repairs, remodeling of all physical plant, facilities, grounds and equipment of school districts. This includes both capital expenditures, such as the construction of a new school or a school addition, and regular operating expenditures, such as salaries for custodial staff. Expenditures in this area increased 62 percent between 1985-86 and 1990-91 and accounted for one-fourth of increased educational spending between 1986 and 1991. Spending growth in this area is related to Minnesota's high level of investment in capital improvements.

PART 2: FINDINGS AND CONCLUSIONS

During the 1990-91 school year, Minnesota spent $4.6 billion on elementary and secondary education. Education spending increased 23 percent between 1986 and 1991, after being adjusted for inflation.[18]

Analysis of Minnesota's education expenditures for the 1985-86 and 1990-91 school years indicates:

- **Non-operating expenditures (capital outlay and debt service expenditures) increased faster than operating expenditures (spending directly related to the instruction of students). Non-operating expenditures grew by 54 percent, compared to an increase of 17 percent for operating expenditures.** As a result, **operating expenditures decreased as a share of total education expenditures, from 85.4 percent in 1986 to 81.7 percent in 1991.**

- When education spending is examined by type of activity, **total compensation -- salaries and benefits combined -- represented the largest component of education spending, 67 percent. Total compensation increased by about 15 percent in constant dollars between 1986 and 1991.**

[18] All percentage change figures are adjusted for inflation based on the Consumer Price Index.

The escalating cost of health insurance coverage appears to be the primary factor in increased spending for benefits. According to Minnesota School Boards Association data, the cost of health insurance benefits for licensed staff grew an average of 58 percent between 1986 and 1991.

- **Capital expenditures had the fastest rate of growth between 1986 and 1991, 89 percent in constant dollars, and accounted for about one-fifth of the total increase in education spending.** Factors contributing to capital spending include increased enrollment, federal and state standards and requirements, equalization funding and the age of Minnesota's school buildings.

  The Minnesota Department of Education estimates that the deferred maintenance costs for Minnesota schools are $1.5 billion. This indicates that there will continue to be an alarming unmet need for even more capital investment in Minnesota schools.

- When examined by program categories, instruction-related programming[19] represented 55.9 percent of total expenditures in 1991. The major component of "instructional" spending is staff salaries and benefits. Other components include books, supplies and equipment.

  Exceptional instruction, education of both handicapped and gifted students, had the fastest growth in spending and accounted for about one-third of the increased spending between 1986 and 1991. The majority of spending in this area is for special education.

  The number of special education teachers and paraprofessionals increased between 1986 and 1991, 9 percent and 37 percent respectively, while the number of special education students remained relatively stable. As a result, the student-to-teacher ratios in special education dropped from 12.8 to 11.6; student-to-paraprofessional ratios dropped from 27.6 to 20.0.

[19] The four categories of instruction are regular, vocational, exceptional instruction and instruction support services. Exceptional instruction includes education of students who are handicapped, learning disabled and gifted. Instructional support services are activities to help teachers provide instruction such as curriculum development, libraries, audio-visual, staff development.

APPENDIX A

METHODOLOGY

PART 1: HOW DOES MINNESOTA COMPARE TO OTHER STATES?

Part 1 of this report used national indicators to compare Minnesota to other states and the national average. The analysis is based on the most recently available national data. The years of the data varies depending on the source.

The sources used to examine national education expenditures are Government Finances: 1989-90[1] by the U.S. Department of Commerce, Bureau of the Census, and the Estimates of School Statistics, for various years, by the National Education Association. These two sources use slightly different definitions of expenditures. Government Finances defines current expenditures to include interest on debt and exclude capital outlays. Estimates of School Statistics excludes debt service, capital outlays and community education from its definition of current expenditures. For the purposes of our analysis, capital outlays were added to current expenditures when calculating per capita and per student expenditures. Average daily attendance, the average number of students in attendance when schools are actually in session, was used to calculate per student expenditure data because this measure is available for all states.

The primary sources used for program indicators were the Digest of Education Statistics: 1992 by the U.S. Department of Education (U.S. DOE) and Rankings of the States: 1992 by the National Education Association. The U.S. DOE provides the most comprehensive data, while NEA provides the most up-to-date data. One objective of our research is to provide the most current information available. Consequently, NEA data is used most often in the analysis.

The data on dropout rates is from the U.S. DOE publication Dropout Rates in the United States: 1991. This report is the National Center for Education Statistics fourth annual dropout report to Congress.

PART 2: HOW ARE MINNESOTA'S EDUCATION TAX DOLLARS BEING SPENT?

Part 2 of this report used actual expenditures of Minnesota school districts to determine how Minnesota was spending its education tax dollars. This report evaluates Minnesota education expenditures for the 1985-86 and 1990-91 school years. The data is adjusted for inflation by using the Consumer Price Index to set 1991 dollars to constant 1986 dollars.

---

[1] The most current edition of the Government Finances publication.

Minnesota Department of Education (MDE) Uniform Financial Accounting and Reporting Standards (UFARS) data are used to analyze expenditures by program category and type of activity. The Minnesota Legislative Auditor's Office published a report analyzing the Education Department's UFARS system in February of 1990. That report recommended that the quality of education financial data be improved and that the data be used with caution. While not an ideal data base. UFARS is the only available source of statewide education expenditure data.

The Legislative Auditor's report on UFARS also found that school district reporting by the object dimension, what this report calls "type of activity," was generally reliable and valid. The report also suggested the use of independent sources of financial information when available. Our report focuses on the object dimension or type of activity and uses data provided by MDE that is independent of UFARS to examine in more detail the special education program.

Between the 1985-86 and 1990-91 school years, several changes were made in either financing or reporting practices related to UFARS data. **Both of these changes have the effect of overstating the growth rates between 1986 and 1991 for the various program categories.** (These changes are noted in the data tables contained in Appendix B.)

First, in 1985-86 the State of Minnesota directly paid the employer's share of retirement and social security contributions for employees who participated in teacher retirement. In 1986-87, the school districts began funding these costs and in 1988-89 they assumed full responsibility for these payments. The financial data for 1991-92 includes these expenditures, but the data for 1985-86 does not. The 1985-86 UFARS data was adjusted to account for this change in financing. The Minnesota Department of Finance provided information on the amount of the state's 1985-86 expenditures for these costs and this figure was added to the 1985-86 benefit costs.

Second, when looking at the education expenditure data by program activity between 1986-1991, the category of "other programs" shows a decrease in expenditures. In 1985-86, many school districts were reporting fringe benefit costs in the "other programs" category. In 1989-90, school districts began allocating fringe benefit costs to more specific program categories, such as regular instruction or vocational instruction. This reporting change accounts for the change in the other programs category.

Data from the Minnesota School Board Association's publication Licensed Salaries and Related Information, 1985-86 and 1990-91, was used to calculate the increased costs of the employer's contribution to health insurance benefits for licensed staff.

APPENDIX B

Table B–1
STATE & LOCAL GOVERNMENT CURRENT EXPENDITURES PLUS CAPITAL OUTLAY
1990

Rank	State	Per Capita Expenditures
1	ALASKA	$1,794
2	WYOMING	1,273
3	NEW YORK	1,168
4	CONNECTICUT	1,049
5	NEW JERSEY	1,047
6	WASHINGTON	1,037
7	MINNESOTA	1,021
8	VERMONT	1,007
9	DISTRICT OF COLUMBIA	994
10	MAINE	958
11	OREGON	948
12	MONTANA	947
13	NEW HAMSHIRE	941
14	NEVADA	940
15	VIRGINIA	929
16	TEXAS	923
17	MICHIGAN	922
18	PENNSYLVANIA	919
19	WISCONSIN	913
20	MARYLAND	909
21	ARIZONA	893
22	COLORADO	892
23	FLORIDA	891
	UNITED STATES	885
24	GEORGIA	884
25	CALIFORNIA	876
26	NEBRASKA	870
27	DELAWARE	862
28	RHODE ISLAND	851
29	NORTH DAKOTA	837
30	SOUTH CAROLINA	833
31	NEW MEXICO	830
32	KANSAS	826
33	MASSACHUSETTS	824
34	NORTH CAROLINA	818
35	INDIANA	803
36	OHIO	802
37	IOWA	800
38	ILLINOIS	794
39	MISSOURI	794
40	SOUTH DAKOTA	793
41	UTAH	779
42	OKLAHOMA	747
43	LOUISIANA	731
44	WEST VIRGINIA	703
45	HAWAII	701
46	IDAHO	695
47	MISSISSIPPI	660
48	ALABAMA	640
49	ARKANSAS	625
50	TENNESSEE	583
51	KENTUCKY	568

Source: Bureau of the Census, "Government Finances 1989–90."
Table by the Office of the State Auditor.

Table B–2
CURRENT EXPENDITURE PER STUDENT *
COMPARISON OF MINNESOTA AND THE U.S. AVERAGE
1976–77 THROUGH 1990–91
(Data for Chart 1)

Year	Minnesota Current Expenditures Per Student	United States Current Expenditures Per Student	Actual Difference	Minnesota as a Percent of U.S. Average
1976–77	$2,026	$1,733	$293	116.9%
1977–78	2,106	1,904	201	110.6%
1978–79	2,376	2,108	268	112.7%
1979–80	2,681	2,360	321	113.6%
1980–81 **	2,933	2,613	320	112.2%
1981–82	3,164	2,848	316	111.1%
1982–83	3,318	3,122	197	106.3%
1983–84	3,520	3,373	147	104.4%
1984–85	3,925	3,648	277	107.6%
1985–86	4,276	3,989	287	107.2%
1986–87	4,576	4,226	350	108.3%
1987–88	4,793	4,546	247	105.4%
1988–89	5,125	4,939	186	103.8%
1989–90	5,736	5,327	409	107.7%
1990–91	6,000	5,695	306	105.4%

Source: National Education Association, "Estimates of School Statistics." (Various Years).

* Current expenditures plus capital outlay.

** 1980–81 data are non–revised estimates.

Table by the Office of the State Auditor.

Table B–3
CAPITAL OUTLAY PER STUDENT
COMPARISON OF MINNESOTA AND THE U.S. AVERAGE
1976–77 THROUGH 1990–91
(Data for chart 2)

Year	Minnesota Capital Outlay Per Student	United States Capital Outlay Per Student	Actual Difference	Minnesota as a Percent of U.S. Average
1976–77	$204	$139	$65	146.3%
1977–78	176	153	23	115.1%
1978–79	189	147	41	128.1%
1979–80	178	161	18	111.0%
1980–81 *	188	168	20	112.0%
1981–82	201	176	26	114.6%
1982–83	183	178	5	102.7%
1983–84	197	191	6	103.1%
1984–85	246	206	40	119.2%
1985–86	268	233	34	114.7%
1986–87	312	249	62	125.0%
1987–88	403	288	114	139.6%
1988–89	493	349	144	141.3%
1989–90	711	375	336	189.4%
1990–91	643	478	165	134.5%

Source: National Education Association, "Estimates of School Statistics." (Various Years).

* 1980–81 data are non–revised estimates.

Table by the Office of the State Auditor.

Table B–4
PERCENT OF PUBLIC SCHOOL TEACHERS WITH TENURE OF TEN OR MORE YEARS
1987–88

Rank	State	Under Ten Years	Over Ten Years
	UNITED STATES	34.0	65.9
1	DISTRICT OF COLUMBIA	0.0	81.2
2	RHODE ISLAND	16.1	76.5
3	PENNSYLVANIA	22.3	77.6
4	MASSACHUSETTS	27.3	72.6
5	CONNECTICUT	21.9	72.1
6	NEW JERSEY	27.9	72.0
7	MARYLAND	28.2	71.5
8	HAWAII	28.7	71.3
9	ILLINOIS	29.2	70.6
10	MINNESOTA	30.0	69.7
11	INDIANA	30.5	69.5
12	DELAWARE	24.9	69.5
13	NEW YORK	31.0	68.9
14	OHIO	31.0	68.8
15	WISCONSIN	31.5	68.4
16	IOWA	31.8	68.2
17	WASHINGTON	31.9	68.0
18	KENTUCKY	32.8	67.1
19	CALIFORNIA	32.9	67.0
20	NORTH CAROLINA	33.1	66.6
21	MICHIGAN	24.1	65.9
22	ALABAMA	34.1	65.8
23	VIRGINIA	34.8	65.1
24	TENNESSEE	35.1	64.8
25	LOUISIANA	35.3	64.7
26	NEVADA	35.6	64.4
27	MAINE	36.1	63.7
28	MISSISSIPPI	36.3	63.7
29	COLORADO	36.2	63.6
30	WEST VIRGINIA	36.8	63.2
31	ALASKA	37.1	62.9
32	NEW MEXICO	37.3	62.6
33	NEBRASKA	37.2	62.6
34	MISSOURI	38.2	61.8
35	WYOMING	32.3	61.1
36	SOUTH CAROLINA	39.4	60.6
37	MONTANA	39.4	60.5
38	OREGON	39.3	60.4
39	KANSAS	39.8	60.2
40	FLORIDA	39.9	60.0
41	VERMONT	39.6	59.9
42	GEORGIA	40.8	59.2
43	NEW HAMPSHIRE	41.9	57.8
44	IDAHO	42.8	57.1
45	ARKANSAS	43.1	57.0
46	OKLAHOMA	43.2	56.7
47	ARIZONA	43.6	56.3
48	TEXAS	44.5	55.4
49	NORTH DAKOTA	45.3	54.5
50	SOUTH DAKOTA	45.9	54.0
51	UTAH	50.9	49.0

Source: U.S. Department of Education, National Center for Education Statistics, "Digest of Education Statistics, 1991."

Table by Office of the State Auditor.

Table B–5
HIGHEST DEGREE EARNED BY TEACHERS 1987–88

Percent of Teachers With Bachelors Degree		
Rank	State	Bachelors
	U.S. Total	52.2
1	South Dakota	82.4
2	North Dakota	82.2
3	Montana	75.6
4	Utah	73.8
5	Idaho	72.4
6	Wyoming	70.7
7	Washington	69.2
8	Maine	68.8
9	North Carolina	66.9
10	Arkansas	66.5
11	Iowa	65.6
12	Delaware	65.2
13	New Hampshire	65.2
14	Minnesota	64.6
15	Texas	64.4
16	Wisconsin	63.2
17	Virginia	61.6
18	Nebraska	61.5
19	Alaska	59.2
20	Florida	58.7
21	New Jersey	57.6
22	Vermont	57.5
23	Mississippi	56.9
24	Arizona	56.3
25	Kansas	55.3
26	California	55.3
27	Oklahoma	55.0
28	Ohio	54.9
29	Oregon	53.9
30	Louisiana	53.6
31	Hawaii	53.6
32	Tennessee	52.2
33	Missouri	52.1
34	West Virginia	51.9
35	Illinois	51.4
36	Colorado	50.4
37	South Carolina	50.0
38	Pennsylvania	47.7
39	New Mexico	47.4
40	Nevada	47.0
41	Massachussetts	46.5
42	Georgia	45.4
43	D.C.	43.0
44	Maryland	41.0
45	Alabama	40.5
46	Michigan	39.8
47	Rhode Island	37.1
48	New York	32.9
49	Kentucky	23.7
50	Connecticut	22.7
51	Indiana	15.1

Percent of Teachers With Masters Degree		
Rank	State	Masters
		40.0
1	Indiana	79.0
2	Connecticut	58.4
3	New York	57.4
4	Michigan	55.6
5	Rhode Island	53.5
6	Maryland	50.8
7	Alabama	50.8
8	Kentucky	50.3
9	Georgia	47.1
10	New Mexico	46.7
11	D.C.	44.0
12	Massachussetts	44.0
13	Colorado	43.8
14	Pennsylvania	43.5
15	South Carolina	43.0
16	Kansas	42.9
17	Illinois	42.0
18	Nevada	41.8
19	Missouri	41.6
20	Ohio	39.7
21	Vermont	39.4
22	Oregon	39.1
23	Oklahoma	39.0
24	West Virginia	38.8
25	Tennessee	38.5
26	Arizona	38.4
27	Mississippi	36.8
28	Florida	36.1
29	Alaska	35.7
30	Nebraska	34.5
31	Virginia	34.1
32	Wisconsin	32.8
33	New Jersey	32.4
34	California	31.4
35	Minnesota	31.3
36	Iowa	31.2
37	Louisiana	30.7
38	Arkansas	30.0
39	North Carolina	29.6
40	Texas	29.6
41	New Hampshire	27.9
42	Delaware	27.6
43	Wyoming	27.1
44	Maine	26.7
45	Washington	25.4
46	Idaho	22.0
47	Montana	20.6
48	Utah	20.0
49	Hawaii	16.1
50	South Dakota	15.9
51	North Dakota	15.9

Source: U.S. Department of Education, National Center for Education Statistics, "Digest of Education Statistics, 1991."
Table by the Office of the State Auditor.

Table B-6
INSTRUCTIONAL TIME
LENGTH OF SCHOOL DAY AND YEAR

State	Length of School Year In Days	Elementary		Secondary	
		Hrs/Day	Hrs/Year	Hrs/Day	Hrs/Year
ALABAMA	175	6	1,050.0	6	1,050.0
ALASKA	180	4-5	720-900	5	900.0
ARIZONA	175	4-5	700-875	3	525.0
ARKANSAS	178	5.5	979.0	5.5	979.0
CALIFORNIA	180	4.7-5	846-900	5-6	900-1080
COLORADO	--	--	1,080.0	--	1,080.0
CONNECTICUT	180	4	720.0	4	720.0
DELAWARE	180	6	1,080.0	6	1,080.0
DISTRICT OF COLUMBIA	180	6	1,080.0	6	1,080.0
FLORIDA	180	4-5	720-900	5	900.0
GEORGIA	180	4.5-6	810-1080	6	1,080.0
HAWAII	180	6	1,080.0	6	1,080.0
IDAHO	180	4.5-5	810-900	5.5	990.0
ILLINOIS	180	4-5	720-900	5	900.0
INDIANA	180	5	900.0	6	1,080.0
IOWA	180	5.5	990.0	5.5	990.0
KANSAS	180	6	1,080.0	6	1,080.0
KENTUCKY	175	6	1,050.0	6	1,050.0
LOUISIANA	180	5.5	990.0	5.5	990.0
MAINE	175	5	875.0	5	875.0
MARYLAND	180	6	1,080.0	6.5	1,170.0
MASSACHUSETTS	180	5	900.0	5.5	990.0
MICHIGAN	180	--	900	5	900.0
MINNESOTA	175	5-5.5	875-962.5	6	1,050.0
MISSISSIPPI	180	5.5	990.0	--	--
MISSOURI	174	3-7	522-1,218	3-7	522-1,218
MONTANA	180	4-6	720-1080	6	1,080.0
NEBRASKA	--	--	1,032.0	--	1,010.0
NEVADA	180	4-5	720-900	5.5	990.0
NEW HAMPSHIRE	180	5.3-5.5	954-990	5.5	990.0
NEW JERSEY	180	4	720.0	4	720.0
NEW MEXICO	180	5.5	990.0	6	1,080.0
NEW YORK	180	5	900.0	5.5	990.0
NORTH CAROLINA	180	5.5	990.0	5.5	990.0
NORTH DAKOTA	180	5.5	990.0	5.5-6	990-1080
OHIO	182	5	910.0	5.5	1,001.0
OKLAHOMA	175	6	1,050.0	6	1,050.0
OREGON	--	--	990	--	990
PENNSYLVANIA	180	5	900.0	5.5	990.0
RHODE ISLAND	180	5	900.0	5.5	990.0
SOUTH CAROLINA	180	6	1,080.0	6	1,080.0
SOUTH DAKOTA	175	5-5.5	875-962.5	5.5	962.5
TENNESSEE	180	6.5	1,170.0	6.5	1,170.0
TEXAS	175	6.3-7	1103-1225	7	1,225.0
UTAH	180	4.5-5.5	810-990	5.5	990.0
VERMONT	175	4-5.5	700-962.5	5.5	962.5
VIRGINIA	180	5.5	990.0	5.5	990.0
WASHINGTON	180	--	900-990	--	990-1080
WEST VIRGINIA	180	5.3-5.5	954-990	5.5-5.8	990-1044
WISCONSIN	180	6	1,080.0	6.5	1,170.0
WYOMING	175	5	875.0	6	1,050.0

Source: Council of Chief State School Officers, "State Education Indicators, 1990."
"--" indicates that there is no state policy.
Table by the Office of the State Auditor.

Table B–7
AVERAGE PROFICIENCY IN MATHEMATICS CONTENT AREAS FOR 8TH GRADERS IN PUBLIC SCHOOLS
1990

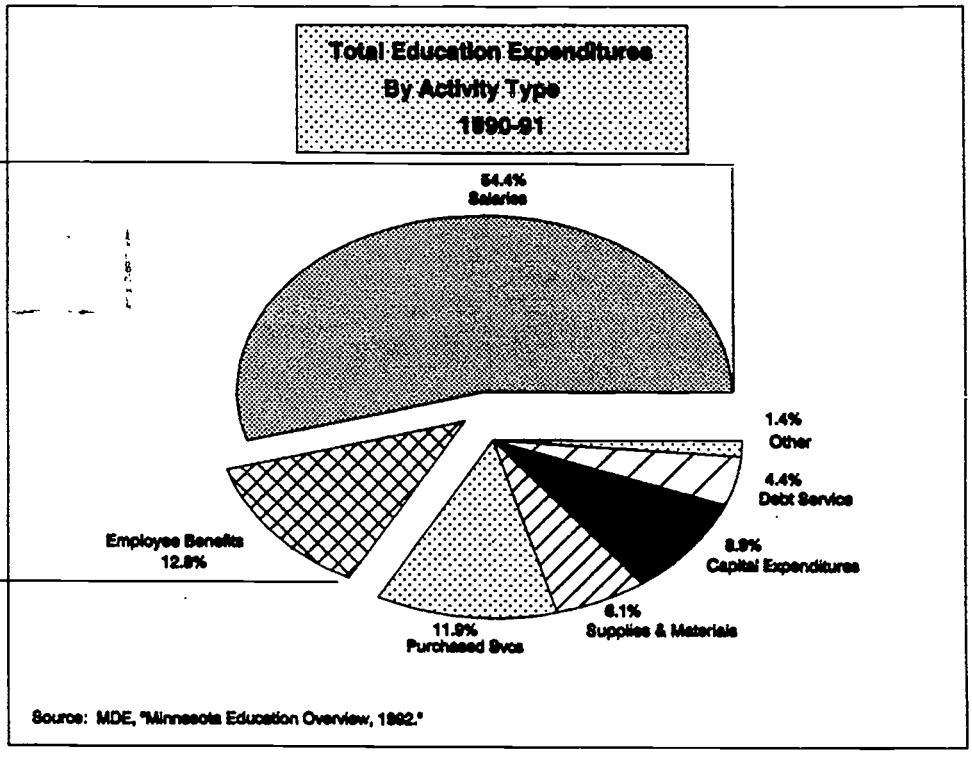
State	Average proficiency in content areas						Percentage of students at or above		
	Average Proficiency, All Areas	Numbers and Proficiency	Measure-ment	Geometry	Data Analysis, Statistics, and Probability	Algebra and Functions	level 200	level 250	level 300
United States	**261**	266	258	259	262	260	97	64	12
North Dakota	**281**	286	280	278	286	275	100	88	24
Montana	**280**	282	279	280	282	278	100	88	23
Iowa	**278**	283	277	275	281	274	100	84	21
Minnesota	**276**	279	272	273	279	274	99	82	20
Nebraska	**276**	279	274	273	279	273	99	81	21
Wisconsin	**274**	278	273	272	277	271	99	80	20
New Hampshire	**273**	275	272	272	276	271	100	79	17
Idaho	**272**	274	270	269	274	269	100	79	15
Wyoming	**272**	275	270	270	274	270	100	80	15
Oregon	**271**	273	269	270	274	270	99	76	18
Connecticut	**270**	273	269	266	272	268	98	72	19
New Jersey	**269**	274	267	266	270	268	99	72	19
Colorado	**267**	269	265	266	269	266	99	72	14
Indiana	**267**	271	263	264	269	265	99	71	14
Pennsylvania	**266**	270	265	263	268	265	98	69	15
Michigan	**264**	268	260	262	264	264	98	67	13
Ohio	**264**	268	259	260	266	262	98	67	12
Virginia	**264**	268	259	261	264	265	98	64	15
Oklahoma	**263**	268	258	259	264	262	99	67	10
Delaware	**261**	265	258	256	261	260	97	60	13
New York	**261**	263	255	259	263	260	96	62	13
Illinois	**260**	265	256	256	262	260	96	64	12
Maryland	**260**	264	256	256	260	263	96	61	14
Rhode Island	**260**	264	256	256	258	261	96	61	12
Arizona	**259**	264	257	256	258	258	98	61	10
Georgia	**258**	263	252	256	260	257	96	59	12
Texas	**258**	262	253	258	256	256	97	58	10
Arkansas	**256**	262	253	253	254	253	97	57	7
California	**256**	259	252	255	254	256	95	56	11
Kentucky	**256**	261	253	253	257	256	98	57	8
New Mexico	**256**	258	253	257	253	256	98	56	8
West Virginia	**256**	260	252	254	256	254	98	56	7
Florida	**255**	260	251	251	255	255	96	54	10
Alabama	**252**	259	247	248	251	251	96	52	7
Hawaii	**251**	256	249	252	242	249	93	49	10
North Carolina	**250**	255	241	249	247	251	94	49	7
Louisiana	**246**	253	241	242	243	245	94	43	4
D.C.	**231**	238	221	229	222	235	86	23	2

Source: U.S. Department of Education, National Center for Education Statistics, National Assessment of Educational Progress, "The State of Mathematics Achievement, June 1991."

Table by the Office of the State Auditor.

Table B-8

Salaries & benefits accounted for 67.2 percent of all education expenditures in 1990-91.



Changes in Minnesota Education Expenditures By Type of Activity 1985–86 to 1990–91

Activity Type	Total Education Expenditures 1985–86 (in thousands)	Total Education Expenditures 1990–91 * (in thousands)	Percent Change in Total Expenditures 1986–91
Salaries	$1,807,807	$2,063,451	14.1%
Employee Benefits **	399,805	483,475	20.9%
Purchased Services	266,718	451,760	69.4%
Supplies & Materials	227,720	231,489	1.7%
Capital Expenditures	178,234	337,126	89.1%
Debt Service	165,221	168,103	1.7%
Other	29,344	54,515	85.8%
Totals	$3,074,849	$3,789,919	23.3%

Source: Minnesota Department of Education, "Minnesota Education Overview." (1986 & 1991).

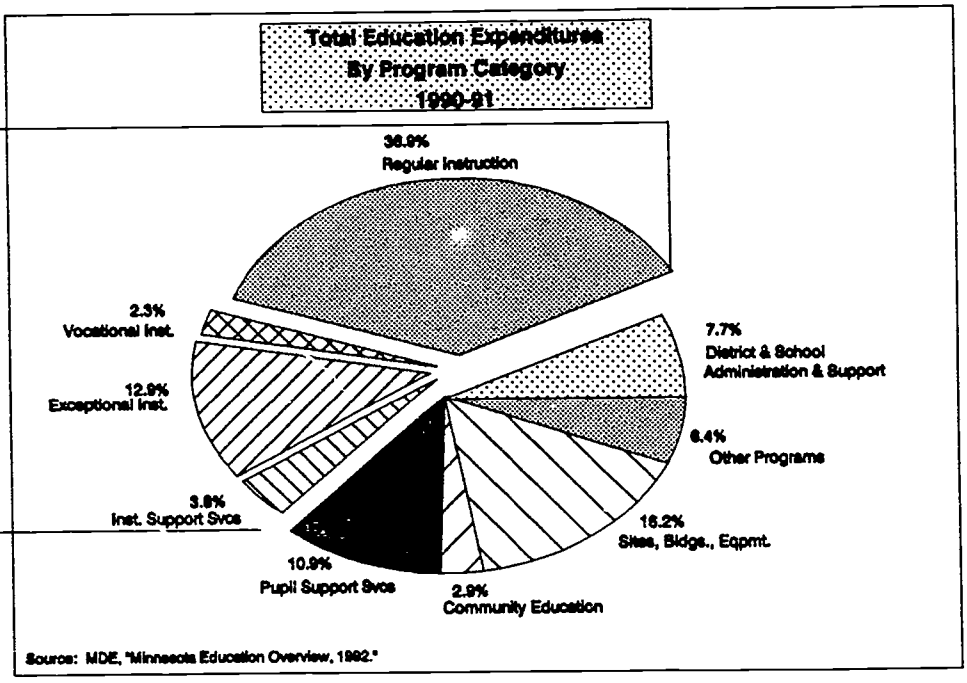
Table by OSA

* 1990–91 expenditures are in 1986 dollars.

** The 1985–86 benefits figures have been adjusted, based on data from the Minnesota Department of Finance, to include the state's direct payment of teachers retirement and contributions to social security. School districts began paying these costs in the 1986–87 school year.

Table B-9

Instructional activities accounted for 55.9 percent of all education expenditures in 1990-91.



CHANGES IN MINNESOTA EDUCATION EXPENDITURES BY PROGRAM CATEGORY 1985–86 to 1990–91

Program Category	Total Education Expenditures 1985–86 (in thousands)	Total Education Expenditures 1990–91 * (in thousands)	Percent Change in Total Expenditures 1986–91**
District & School Administration & Support	$227,180	$291,937	28.5%
Regular Instruction	1,121,222	1,397,884	24.7%
Vocational Instruction	56,069	86,715	54.7%
Exceptional Instruction	257,272	489,024	90.1%
Instructional Support Services	100,362	145,060	44.5%
Pupil Support Services	357,642	413,636	15.7%
Community Education	63,944	108,647	69.9%
Sites, Buildings, & Equipment	378,348	612,800	62.0%
Other Programs**	288,210	244,215	–15.3%
Miscellaneous **	224,100	------	------
Total	$3,074,349	3,789,919	23.3%

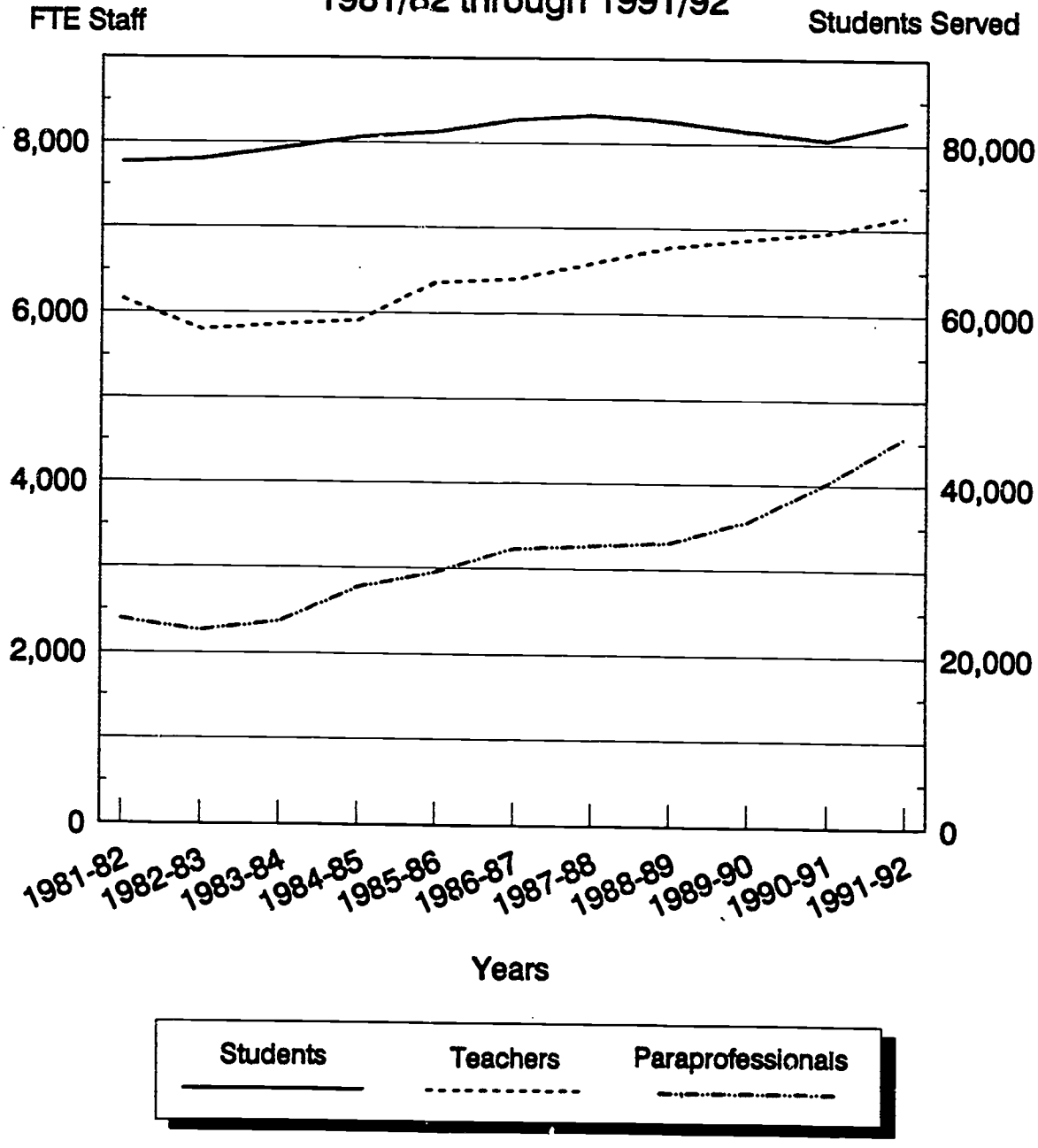
Source: Minnesota Department of Education, "Minnesota Education Overview." (1986 & 1991).

Table by the Office of the State Auditor.

* 1990–91 expenditures are in 1986 dollars.

** The 1985–86 benefits figures have been adjusted, based on data from the Minnesota Department of Finance, to include the state's direct payment of teachers retirement and contributions to social security. School districts began paying these costs in the 1986–87 school year. The decrease in "other programs" represents a change in reporting. In 1989–90, school districts began allocating fringe benefits to more specific program categories, such as regular instruction. These factors have the effect of overstating the increases in program spending between 1986 & 1991.

Table B-10
Minnesota Special Education
Staff and Student Trends
1981/82 through 1991/92



Source: Minnesota Department of Education, Division of Special Education
Table by OSA

Table B–11
Special Education Student–to–Staff Ratio's
1981 through 1992

Fiscal Year	Student/ Teacher Ratio	Student/ Paraprofessional Ratio
1981–82	12.6	32.5
1982–83	13.4	34.5
1983–84	13.5	33.4
1984–85	13.6	29.1
1985–86	12.8	27.6
1986–87	12.9	25.6
1987–88	12.6	25.4
1988–89	12.2	24.9
1989–90	11.8	22.8
1990–91	11.6	20.0
1991–92	11.5	18.1

Source: MDE, Special Education Unit
Table by OSA

APPENDIX C

Definitions For Uniform Financial and Reporting Standards (UFARS) Categories

Program Categories:

District and School Administration -- Expenditures for providing administration to the school district, including expenditures for the school board and for the office of the superintendent, principals, and other line administrators.

District Support Services -- Expenditures for central office administration and central office operations not included in district and school administration. Includes expenditures for business services, community relations, data processing, legal services, personnel office, printing, and the school census.

Regular Instruction -- Expenditures for elementary and secondary classroom instruction, not including vocational instruction and exceptional instruction, and for co-curricular activities. Includes salaries and benefits of teachers, classroom aides, and coaches, and expenditures for classroom supplies and textbooks.

Vocational Instruction -- Expenditures in secondary schools for instruction that is related to job skills, occupational retraining, and career exploration. Includes expenditures for home economics, as well as industrial, business, agriculture, trade and industry, and distributive education.

Exceptional Instruction -- Expenditures for instruction of students who, because of atypical characteristics or conditions, are provided educational programs that are different from regular instructional programs. Includes expenditures for special instruction of students who are emotionally or psychologically handicapped, gifted and talented, or mentally retarded; for students with physical, hearing, speech, and visual impairments; and for students with special learning and behavior problems.

Instructional Support Services -- Expenditures for activities intended to help teachers provide instruction. Includes expenditures for assistant principals, curriculum development, libraries, media centers, audio-visual support, staff development, and computer assisted instruction.

Pupil Support Services -- Expenditures for all non-instructional services provided to students, including transportation and food. Includes expenditures for counseling, guidance, health services, psychological services, and attendance and social work services.

Other Operating Programs -- Expenditures for programs necessary to a district's operations but not assignable to other programs, including property and liability premiums, unemployment insurance premiums, early retirement benefits, principal and interest on non-capital obligations, and nonrecurring costs such as judgements and liens.

Community Education and Services -- Expenditures for recreation, civic activities, adult education, early childhood education, or similar programs which are not conducted primarily for elementary and secondary students, and for non-credit summer school programs. Includes programs jointly planned and developed under terms of a cooperative agreement with the city council, recreation department, or similar agency having jurisdiction within the school district.

Sites, Buildings and Equipment -- Expenditures for activities related to the acquisition, operation, maintenance, repair of all facilities, grounds and equipment of the school district including operations and maintenance, capital improvement and building construction.

Object Categories: Within defined programs, object categories identify the service or commodity obtained as a result of expenditures.

Salaries and Wages -- Expenditures related to all full and part-time employees (not including independent contractors or self-employed) of the district. Examples: executive, managerial, and professional salaries, non-licensed instructional, sabbatical leave.

Employee Benefits -- Details of employer contributions for employee fringe benefits. Examples: group hospitalization insurance, FICA, TRA (teacher retirement).

Purchased Services -- Expenditures related to personal services rendered by personnel not on the payroll and other services purchased. Examples: data processing, school board per diem, transportation contracts with private operators, travel, tuition payments.

Supplies and Materials -- Expenditures related to tangible items of an consumable nature. Examples: custodial supplies, fuel for buildings, food, newspapers, textbooks.

Capital Expenditures -- Expenditures related to the acquisition of, additions to, or improvement of sites, buildings, or equipment. Examples: buildings acquisition or construction, library books (initial acquisitions), bus equipment.

Debt Service -- Expenditures for the reduction of principal, interest, and service charges for bonds and long, short-term, or current loans. Examples: loan interest, bond interest.

Other Expense -- Expenditures not otherwise classified. Examples: dues and memberships, elementary and secondary vocational computer regional membership dues and service fees.

HOW WELL DOES THIS REPORT MEET YOUR NEEDS?

We'd like to know your opinion of this report *How is Minnesota Spending Its Tax Dollars? Elementary and Secondary Education.* We'd also like to hear your ideas for improving it.

Please take five minutes to circle your answers to the questions below and give us your opinions. Then tear off this page, and either:

- fax it to us at (612)282-2391 or
- fold it in thirds and mail it to us at the address on the reverse.

Thank You!

1. How well does this report meet your needs?

Exceedingly well	Very well	Adequately	Inadequately	Not at all
1	2	3	4	5

Comments: _____

2. How satisfied are you with this report overall?

Exceedingly satisfied	Very satisfied	Satisfied	Somewhat dissatisfied	Very dissatisfied
1	2	3	4	5

Comments: _____

3. How clear and understandable is this report?

Exceedingly clear and understandable	Clear and understandable	Somewhat clear and understandable	Somewhat unclear and hard to understand	Very unclear and hard to understand
1	2	3	4	5

Comments: _____

4. How could we improve this report or future reports?

_____

_____

_____

OPTIONAL: _____(Name) _____(Address)

(fold)

(fold)

Place
Stamp
Here

Office of the State Auditor
Research and Information Division
Suite 400
525 Park Street
St. Paul, MN 55103

OTHER RECENT REPORTS FROM THE OFFICE OF THE STATE AUDITOR

- *Revenues, Expenditures and Debt of Minnesota Cities December 31, 1991*
  This annual report lists the sources and amounts of revenues, expenditures and outstanding debt for Minnesota cities during the fiscal year that ended December 31, 1991. It is divided into two reports, one for cities over 2,500 population and the other for cities under 2,500. It includes income and expense analyses of cities' enterprise operations. December 4, 1992

- *An Analysis of Minnesota's Municipal Liquor Store Operations in 1991*
  This annual report details the sales and profits of Minnesota's 276 municipally-owned and operated liquor stores. November 20, 1992

- *1990 Per Capita Spending of Minnesota's Counties*
  This study details the 1990 spending patterns of Minnesota counties. October 7, 1992

- *1990 Per Capita Spending of Minnesota's Medium-Sized and Large Cities*
  This study details the 1990 spending patterns of Minnesota cities with 2,500 or more population. June 9, 1992

- *Minnesota's Economic Growth 1980-1990*
  This report discusses the shift in Minnesota's economic condition in the 1980s. July 30, 1992

- *1991 Local Government Salary Study*
  This is a report of employee salaries and wages in cities, counties, school districts and special districts. March 1992

- *A Guide to County and City Fund Balances*
  This annual report provides an overview of fund balances for Minnesota cities and counties. It defines "fund balance" and identifies fund-balance trends. March, 1992.

- *The Responsibilities and Importance of Minnesota's County Veterans Service Officers*
  This study reports on the functions of the county officers who ensure that Minnesota veterans receive the federal and state benefits to which they are entitled. January 1, 1992

- *1991 Local Government Lobbying Expenditures*
  This annual report details the amounts spent by local governments to lobby the state Legislature and other agencies. April 9, 1992

- *Revenues, Expenditures and Debt of Minnesota Counties December 31, 1990*
  This annual report lists the sources and amounts of revenues, expenditures and outstanding debt for Minnesota counties during the fiscal year that ended December 31, 1990. It includes income and expense analyses of counties' hospitals, nursing homes and other enterprise operations. July 31, 1992

- *Revenues, Expenditures and Debt of the Towns in Minnesota February 28, 1991*
  This annual report lists the sources and amounts of revenues, expenditures and outstanding debt for Minnesota towns for the fiscal year that ended February 28, 1991 or December 31, 1990. March 20, 1992

If you would like to receive one or more of these recent reports published by the Office of the State Auditor please call 612/296-7001.