

Minnesota's Equal Educational Opportunity Problem

Progressive on paper — because of two cities. Funding adequacy, outcomes, and equal opportunity, 2009–2024.



Statewide funding adequacy, 2009–2024

The bottom line

1.35 → 1.09

Progressiveness of state & local revenue with vs. without Minneapolis & St. Paul

11% → 38%

Share of students in districts below the cost of national-average outcomes, 2009 to 2023

91% vs. 19%

Students in majority Black & Hispanic districts underfunded and below national outcomes, vs. all others

Minnesota directs more money to high-poverty districts than almost any state — but nearly all of that progressiveness comes from Minneapolis and St. Paul and their local levies. Elsewhere, adequacy has eroded and funding gaps track outcome gaps.

Money matters — and it matters more for some

What the research shows

- Increases improve outcomes; cuts reduce them
- Operating and capital dollars both matter
- Money matters more for children in poverty and in historically underfunded communities
- It matters however it arrives: legislature, courts, voters or federal aid

Two principles of cost analysis

Principle #1

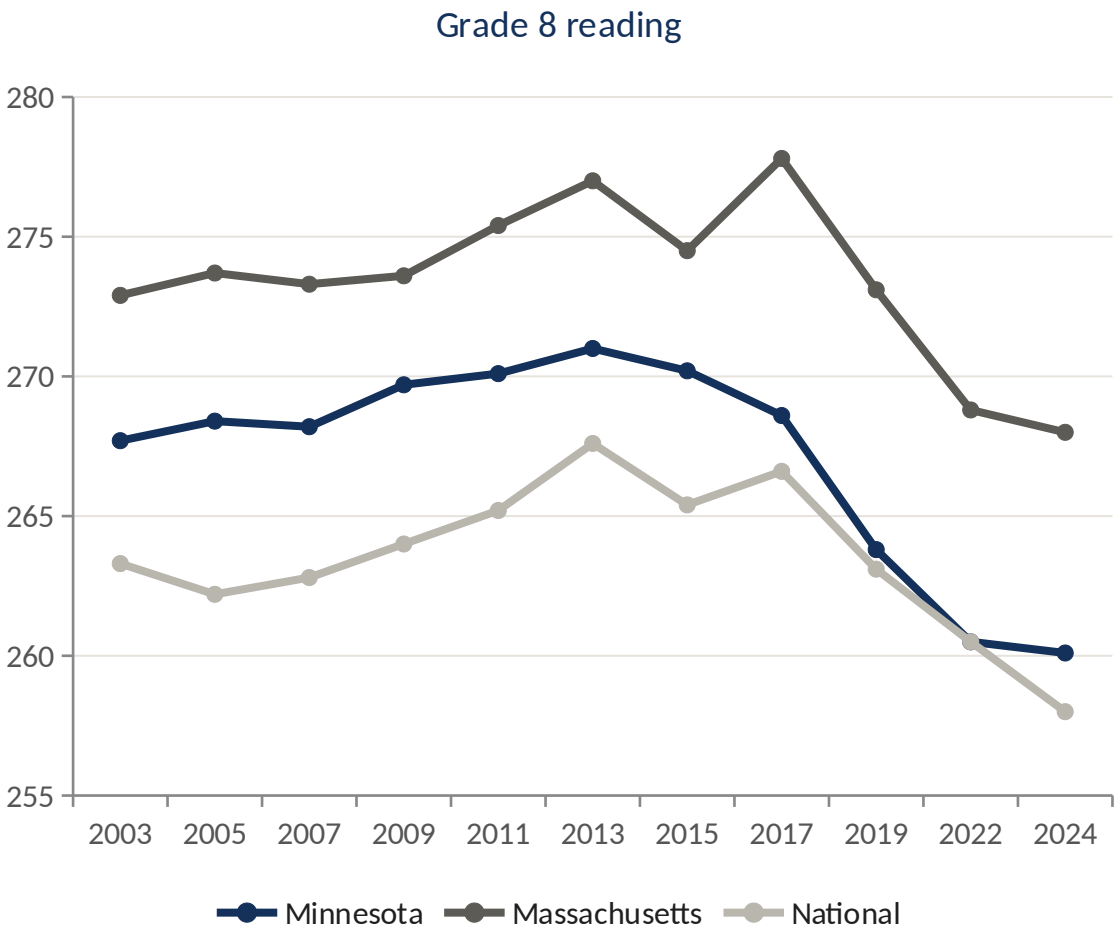
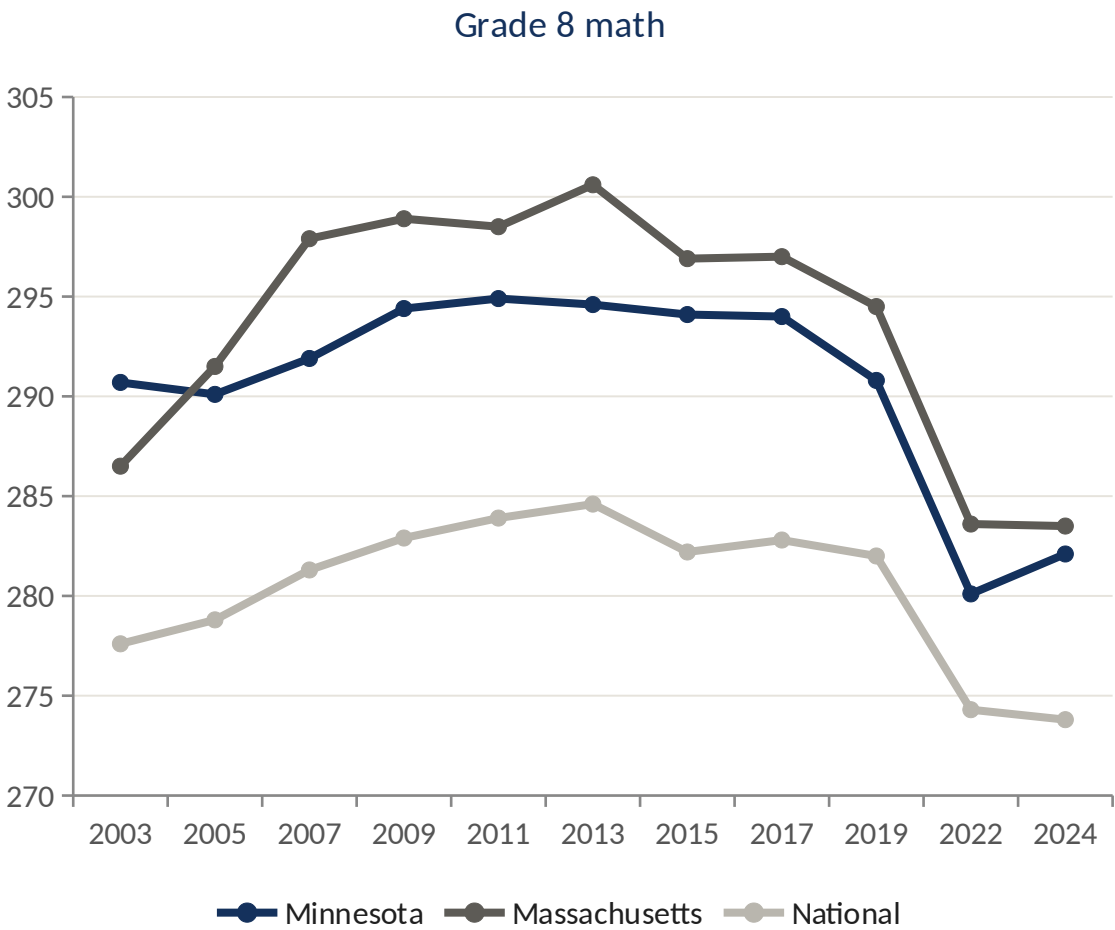
It costs more to achieve higher outcomes than lower ones.

Principle #2

It costs more to achieve the same outcomes in some places than others, and with some populations than others.

Baker & Knight (2025), Does Money Matter in Education? Albert Shanker Institute.

Minnesota's 8th-grade edge over the nation has nearly vanished in reading



NAEP average scale scores. Low-income 4th graders fell from 27th (2013) to 46th of 50 states (2022) in reading.

On paper, one of the most progressive states in the country

5th

of 50 states: progressiveness of state & local revenue (ratio 1.54)

2nd

of 50: progressiveness of current spending (ratio 2.26)

1st

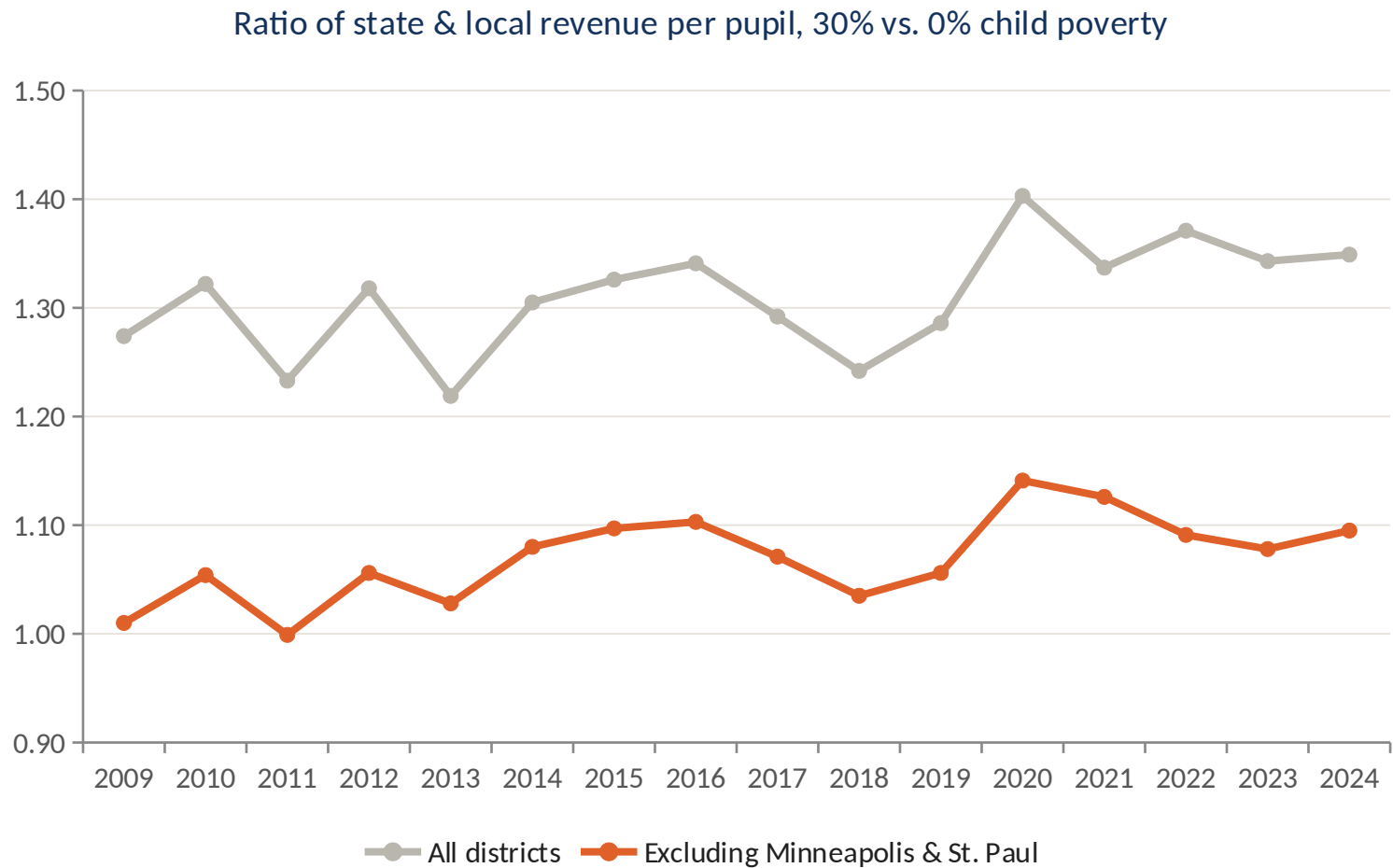
of 50: progressiveness of teachers per 100 pupils (ratio 1.60)

But...

Minneapolis and St. Paul enroll 61,000 students — nearly two in five students in the highest-poverty fifth of districts — and raise far more revenue than any other high-poverty districts. Take them out and the picture changes.

School Finance Indicators Database, 2024. Ratios compare predicted per-pupil amounts at 30% vs. 0% child poverty.

Without the two cities, state & local revenue is nearly flat by poverty

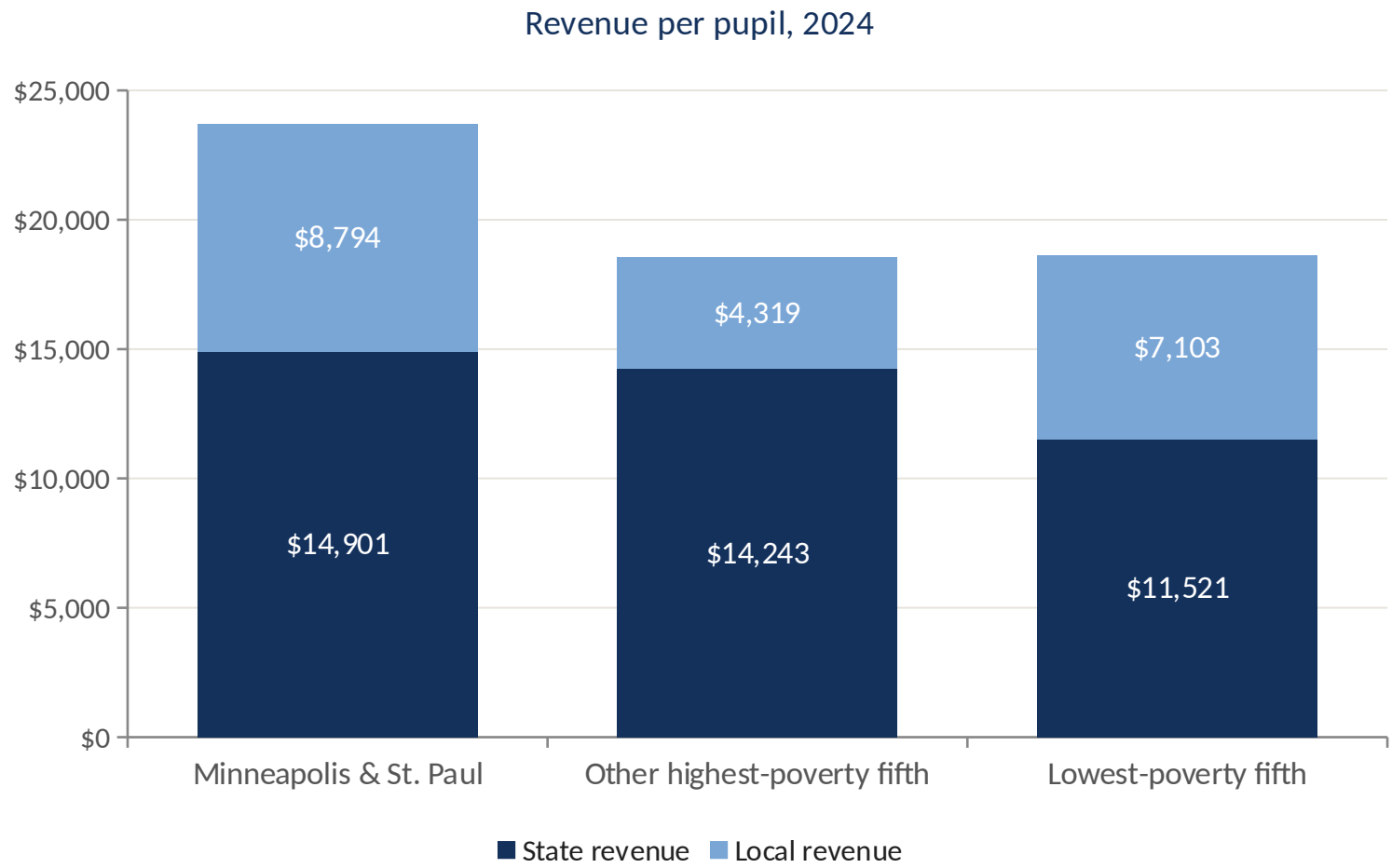


~75%

of Minnesota's state-and-local-revenue progressiveness, 2009–2024, comes from Minneapolis and St. Paul. Without them, the ratio never exceeds 1.14.

Enrollment-weighted regressions of district per-pupil revenue on Census child poverty. NECM/SEDA district file.

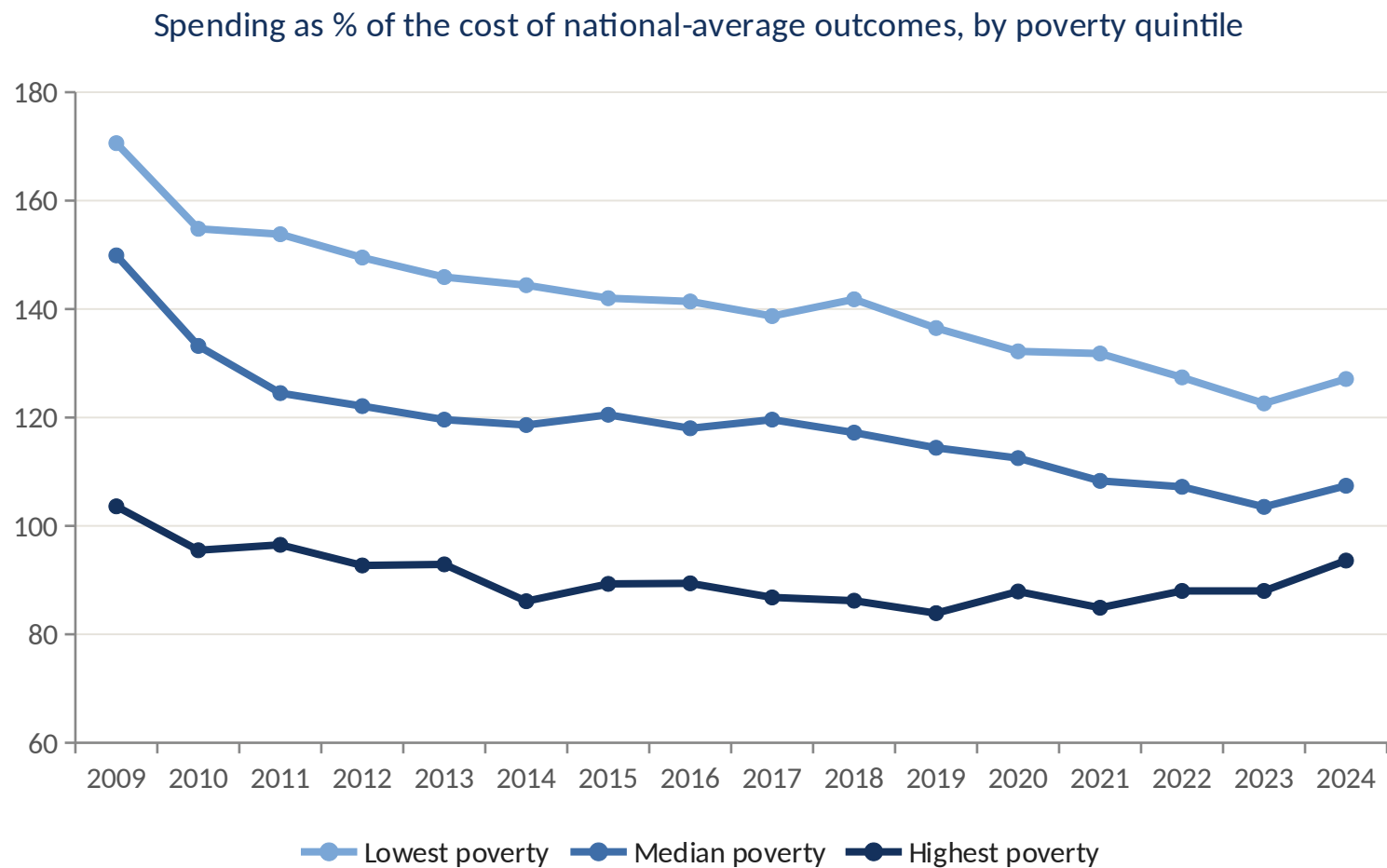
Lower local revenue cancels the state's extra aid to high-poverty districts



- High-poverty districts outside the cities get \$2,722 more per pupil from the state...
- ...but raise \$2,784 less locally
- Total state + local: \$18,562 vs. \$18,624 in the lowest-poverty fifth
- The two cities raise \$4,475 more locally than other high-poverty districts

NECM/SEDA district file, 2024; enrollment-weighted.

The opportunity gap narrowed mostly by leveling down



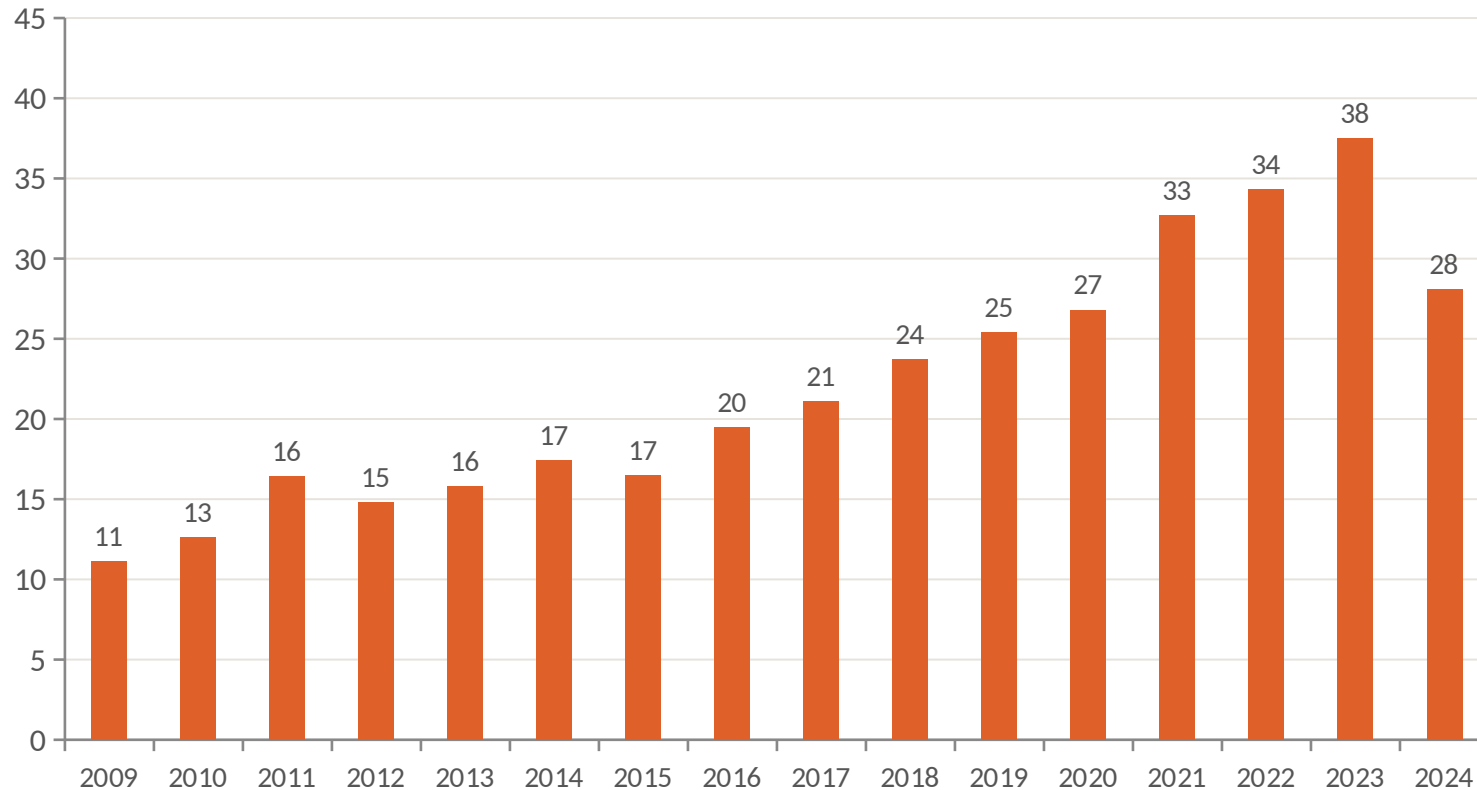
67 → 34

Equal Educational Opportunity Gap (points), 2009 to 2024. The lowest-poverty quintile lost 44 points of adequacy; the highest-poverty quintile lost 10 — and has been below adequacy every year since 2010.

NECM/SEDA district file. 100% = spending equals the estimated cost of national-average outcomes.

The share of students in underfunded districts more than tripled by 2023

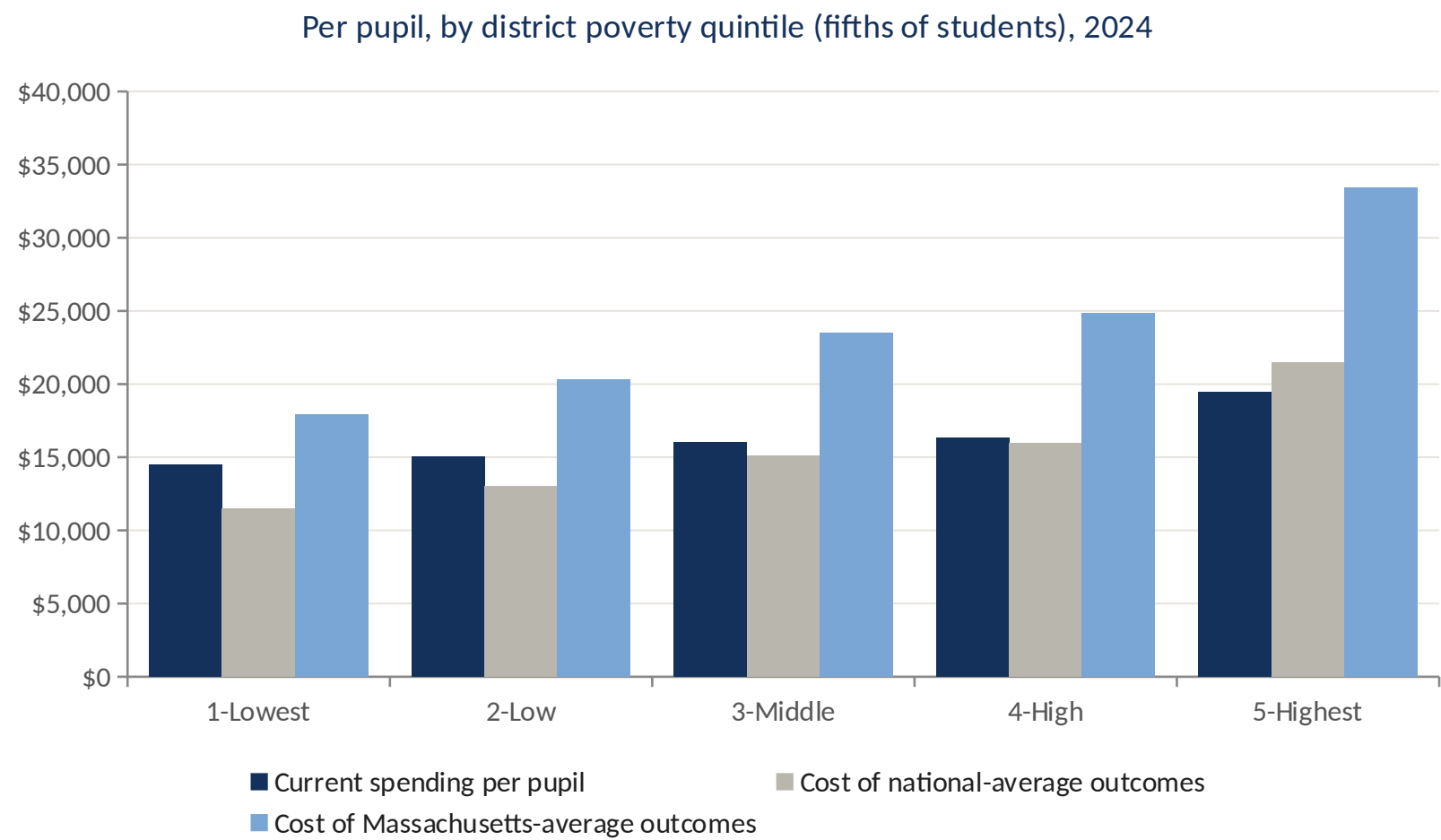
% of students in districts spending below the cost of national-average outcomes



- 11% of students in 2009; 38% in 2023
- 2024 dip to 28% reflects the 2023 formula increase — and the last year of federal pandemic relief
- Against Massachusetts-average outcomes, 98% of students attend districts below cost

NECM/SEDA district file, 2009–2024.

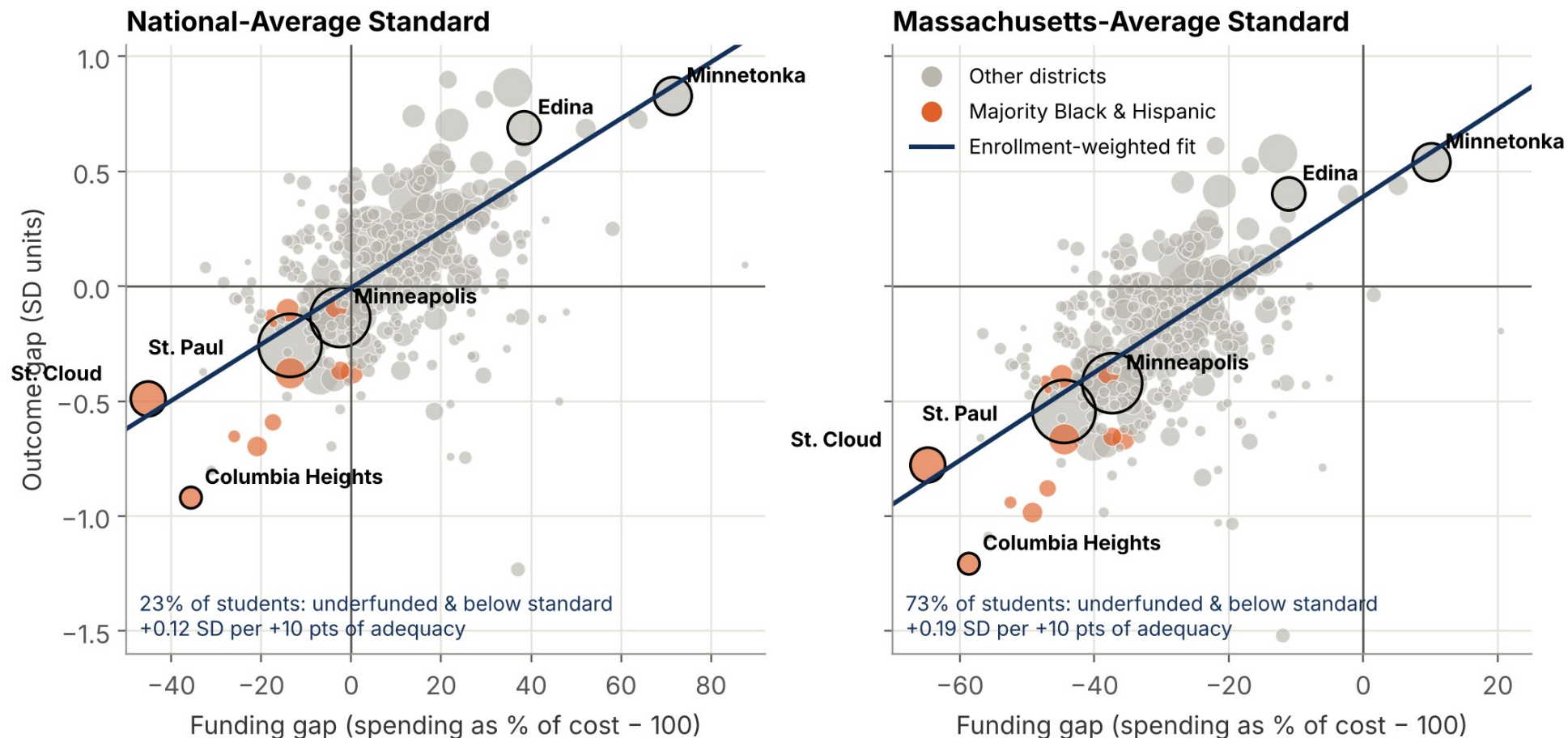
Spending rises with poverty — but cost rises faster



- Low-poverty districts spend \$2,000–\$3,000 more than needed for national-average outcomes
- The highest-poverty fifth spends about \$2,000 less
- Outside the two cities, that fifth is at 90% of cost

NECM/SEDA district file, 2024; enrollment-weighted.

Funding gaps track outcome gaps under either standard



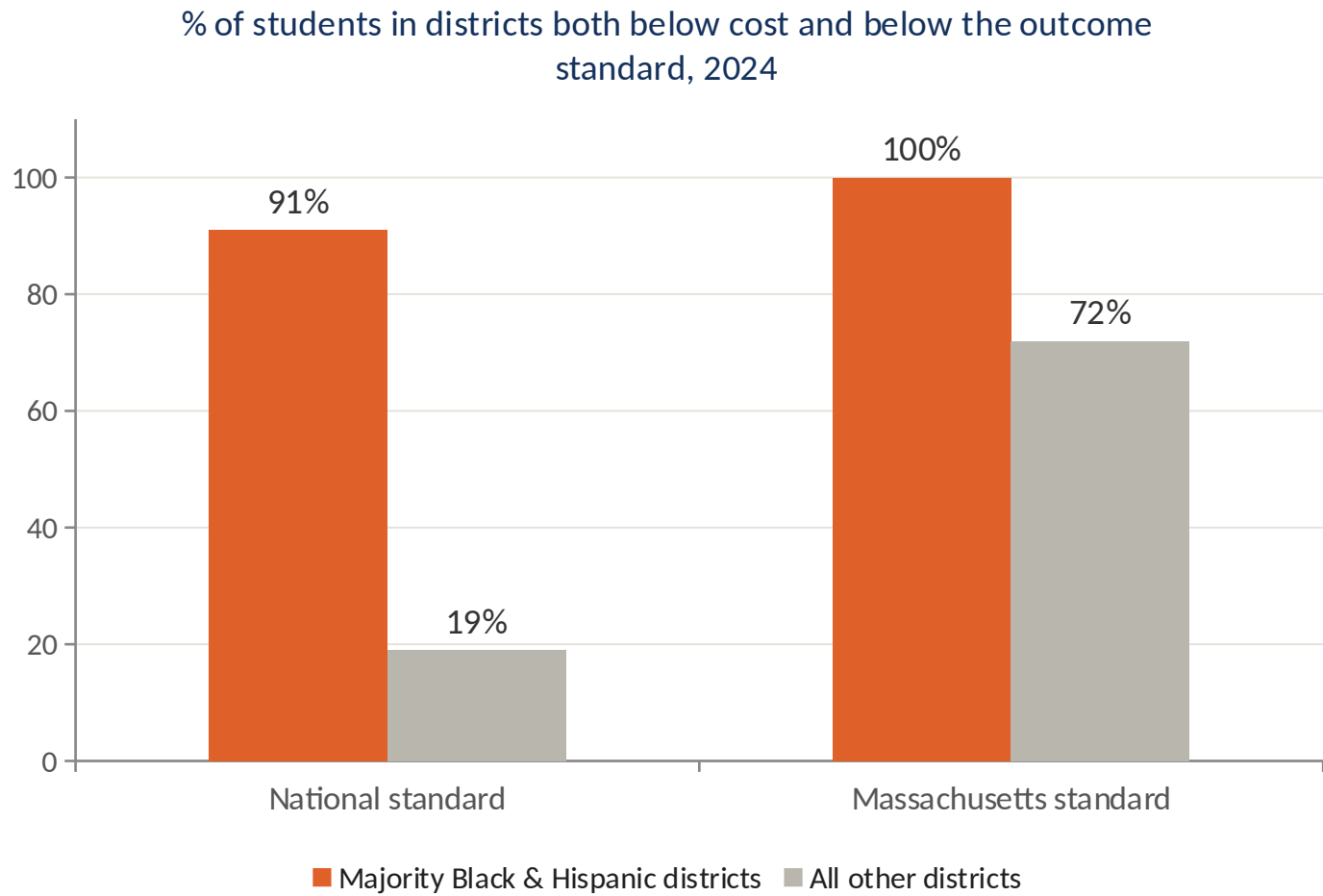
Each bubble is a district, sized by enrollment; orange = majority Black & Hispanic. 23% (national) and 73% (Massachusetts) of students are in underfunded, below-standard districts.

Neighbors on opposite sides of the adequacy line

District	SES index	% Hisp.	% Black	% FRL	Spending per pupil	% of cost (national)	% of cost (Mass.)	Outcome index
Minneapolis	0.49	20%	27%	55%	\$24,469	98%	63%	-0.13
Edina	2.18	8%	10%	18%	\$16,017	138%	89%	+0.69
Saint Paul	0.16	15%	24%	70%	\$23,301	86%	55%	-0.26
Mahtomedi	1.84	5%	5%	14%	\$15,463	152%	98%	+0.68
Columbia Heights	0.15	49%	27%	78%	\$15,590	64%	41%	-0.92
St. Anthony-New Brighton	1.30	10%	13%	31%	\$14,295	105%	68%	+0.24
St. Cloud	0.04	11%	40%	70%	\$17,140	55%	35%	-0.49
Sartell-St. Stephen	1.42	4%	3%	23%	\$13,911	120%	77%	+0.57

SES: SEDA composite (0 = national avg.). Outcome index: NECM grades 6–8 reading/math vs. national district mean. Sources: SEDA, NCES CCD, Census F-33, SFID District Cost Database.

Majority Black and Hispanic districts are underfunded and underserved



- 12 districts, 42,917 students: St. Cloud, Burnsville-Eagan-Savage, Willmar, Richfield, Worthington, Columbia Heights, Faribault, Fridley, Brooklyn Center and others
- Not one is both adequately funded and above national-average outcomes
- The measure understates isolation: Minneapolis and St. Paul enroll large Hmong and American Indian populations

NECM/SEDA district file, 2024; enrollment-weighted.

What it would cost to close the gaps

\$0.5B

per year to lift every underfunded district to the cost of national-average outcomes

\$6.1B

per year to lift them to the cost of Massachusetts-average outcomes

Year	Total spending	Cost: national avg.	Cost: Mass. avg.	Gap: national*	Gap: Mass.*
2009	8.36	6.30	9.81	0.37	1.86
2014	8.66	7.93	12.34	0.59	3.70
2019	10.32	9.73	15.15	0.72	4.84
2023	11.98	11.89	18.51	0.82	6.53
2024	12.75	12.08	18.81	0.54	6.08

\$ billions. * Amount needed to lift every district below cost up to its cost. Three-quarters of the national-standard gap is in the highest-poverty quintile.

NECM/SEDA district file; districts with complete data (about 783,000 students in 2024).

How to fix the problem: study, recalibrate, fund

1

Study

Conduct rigorous analyses: What is needed to achieve equal opportunity for all of the state's children to achieve a sufficiently robust set of outcomes?

2

Recalibrate

Recalibrate (or replace) the general education formula to hit these cost targets through a) equitable local effort and b) sufficient state aid.

3

Fund it!

Raise sufficient tax revenues to support the system. Minnesota spends 3.1% of its economy on K-12 — the average state's share, down from 3.7% in 2009.

Timeline: commission the study in the 2027 session; conduct it in 2027–28; recalibrate in the 2029 budget session; begin phase-in by fall 2029.

In recalibrating the formula, Minnesota should

1

Set the formula to a cost target

2–3% inflation indexing preserves a formula never tied to any outcome goal.

2

Build progressiveness into state aid

Larger compensatory and EL weights; stronger equalization of referendum levies.

3

Replace federal relief in the base

2024 gains in high-need districts partly reflect pandemic aid that has ended.

4

Finish the special education commitment

Unreimbursed costs drain general revenue; planned \$250M cuts run the wrong way.

5

Make teacher pay competitive

Teachers earn 73% of comparable workers at age 35 (33rd), down from 81%.

6

Connect finance to Cruz-Guzman

The most racially isolated districts have the largest funding and outcome gaps.

Template language for the cost study RFP

1. Engage constituencies to set desired outcomes and the programs and services needed to reach them
2. Estimate the full, inclusive costs for all children to meet those standards
3. Compare costs of current vs. aspirational standards, and broader vs. narrower expectations
4. Measure student needs — poverty, English learners, disabilities, American Indian students — and their cost effects
5. Measure district and school structure — scale, remoteness, sparsity, grade ranges — and their cost effects
6. Measure regional differences in competitive wages for school staff
7. Produce school- and district-level per-pupil cost estimates
8. Evaluate how efficiently districts and schools now use their resources
9. Recommend reforms to the general education formula, its weights, and the role of local levies

Full RFP language appears in the accompanying policy brief.

Data & sources

- National Education Cost Model (NECM) merged with the Stanford Education Data Archive (SEDA), 2009–2024
- School Finance Indicators Database (SFID) state panel; NAEP state results
- Baker & Knight (2025), Does Money Matter in Education? Albert Shanker Institute
- Baker, Di Carlo & Weber (2026), The Adequacy and Fairness of State School Finance Systems
- Skeen v. State (Minn. 1993); Cruz-Guzman v. State (Minn. 2018, 2023)
- Minnesota Reformer (2023, 2025) on the 2023 and 2025 education budgets

Blog: schoolfinance101.com • Data: schoolfinancedata.org