



By Shari Prest, Ark Associates  
For MASA, MESPA, and MASSP

## The Investment Connection—Expanded Presentation Model

**Key Message:** Greater investment in public services, including education, has consistently been accompanied by greater state prosperity.

Minnesota's public education funding system is very complex and typically presented to the greater public in snapshots that show only part of the picture. Today, instead of getting into the details of Minnesota's funding system, we are going to focus on the value of the investment each of you makes every day through your taxes. Although education has been the foundation of Minnesota's economic and social success, causing families to move here and businesses to grow here, we need to continually examine its value. We must do what we can to make sure that even those who may object to our weather will come to experience our schools, our caring communities, and our well-prepared work force. It is *most* important during *difficult* economic times that we ask the tough questions and commit to the best answers.

**Our history is of public schools and a work force that are the envy of the world. In recent years, however, our state investment in education has lost some ground.**

- Over the past ten years, Minnesota's investment in public schools has fallen from \$47 per every \$1,000 of personal income to \$39, a decline of seventeen percent.<sup>1</sup>
- Four out of five Minnesota school districts have dropped in real per-pupil revenue since 2003. Eighty percent of our schools are trying to do more with less, but it's not working. Our schools are falling behind.<sup>1</sup>
- In 2005 and 2006, Minnesota ranked among the bottom ten states in the country in public school spending per \$1,000 of personal income.<sup>1</sup>
- "Since 1995, state and local government revenues and expenditures in Minnesota have gone down more than those in the rest of the nation. This investment lag...corresponds with significant declines in Minnesota's prosperity, educational achievement and quality of life compared to other states."<sup>1</sup>
- In 275 of the 340 Minnesota school districts, real per pupil revenue in FY 2009 will be less than in FY 2003.<sup>1</sup>

**Difficult economic times require that we invest our resources wisely. So let's examine what kind of return we get from investing in public education.**

- Research conclusively shows that investment in education results in a skilled workforce that creates a vibrant, robust economy. That workforce and economy attract more businesses, which raises wages, creates jobs and brings the high quality of living Minnesotans demand.<sup>1</sup>
- States with individual income tax rates that are higher than Minnesota's are actually at an advantage. In fact, the benefits of that money (less congestion, greater education investment) helped states' economies *more* than the increased tax price hurt them.<sup>2</sup>
- It is estimated a one-percent increase in high school graduates would increase business start-ups in Minnesota by 3.5 percent.<sup>3</sup>

- Small business start-ups increase and the economy of the community gets better when increased taxes go to public schools or fire protection, and when those taxes are not raised through an increase in the statewide general sales tax.<sup>3</sup>
- Advanced methods of analyzing existing research reveal that more education funding does result in better student outcomes.<sup>4</sup>
- “Early childhood development is economic development, and it is economic development with a very high rate of return.”<sup>5</sup>
- A report considering several studies of model early childhood programs found a return on investment of 16 percent, with 80 percent of the benefits going to the general public.<sup>5</sup> That is a yield of \$8 for every \$1 invested.<sup>6</sup>
- A \$1 increase in taxes for K-12 education produces an increase in personal income of \$1.63. when you invest in K-12 education, you are likely to increase the value of that money by 63 percent.<sup>7</sup>
- High school dropouts cost as much as \$1.1 million per student in increased use of welfare, health care and law enforcement, and decreased wages and tax payments.<sup>1</sup>
- If a state spends \$1,000 more on each student, it will see up to a 10 percent reduction in low scores on reading or math tests, a 15 percent reduction in the high school dropout rate, and a 10 percent drop in the pregnancy rate of teens between 15 and 19 years old.<sup>8</sup>
- Recipients of high-quality early education were 14% more likely to be employed at age 40 than those who did not receive high-quality early education.<sup>9</sup>
- More of those who received high-quality early education, particularly females, graduated from high school than those who didn't.<sup>9</sup>
- Those who received high-quality early education had 19% fewer arrests than those who didn't.<sup>9</sup>

**The challenges we currently face are not likely to go away, but rather increase as the requirements of learners and the schools they attend multiply. Our commitment to public education is absolutely necessary to maintain and enhance our ability to achieve a healthy state economy into the future.**

### **Issues for the future**

- In 1950, most of our country's jobs were for “unskilled” workers. Now, an estimated 85 percent of jobs require “skilled” workers with an education beyond high school.<sup>10</sup>
- At the same time, 60 percent of future jobs will require training that only 20 percent of today's workers possess.<sup>10</sup>
- The top 10 in-demand jobs in 2010 didn't exist in 2004.<sup>10</sup>
- The U.S. Department of Labor estimates that today's learner will have 10-14 jobs by age 38.<sup>10</sup>
- 30 percent of new Minnesota teachers hired in 2001 had left the classroom five years later.<sup>10</sup>
- About 46 percent of current Minnesota teachers are projected to retire over the next 12 years.<sup>10</sup>

**“These are all our children, and we will profit by or pay for whatever they become.”  
- James Baldwin**

**Our historic rankings as the “most caring state” and top place to raise a family, locate a business, and have the greatest chance for success came about because of our commitment to our kids, families and to public education. They resulted from our capacity to anticipate the future and recognize and fund what comes next. We cannot let that commitment or character continue to slip away.**



*These materials are provided by **INVESTMN** (previously Champions for Children™)  
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The Minnesota Association of Secondary School Principals  
The Minnesota Elementary School Principals' Association*

To request more information contact the above organizations or [sprest@arkassoc.com](mailto:sprest@arkassoc.com)

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Source citations: *Information and perspectives within this document have been extracted, paraphrased, and/or quoted directly from the following:*

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4. Rob Greenwald, Searle Fellow, University of Chicago, and Richard D. Laine, Executive Director, Coalition for Educational Rights
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6. Art Rolnick and Rob Grunewald, "Early Education as Economic Investment," *High/Scope Educational Research Foundation*
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