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NEW STUDY FINDS 2000s A "LOST DECADE" IN FOUR KEY AREAS OF STATE INVESTMENT

Minnesota No Longer Above Average in State Investments in E-12 Education and Higher Education

St. Paul, MN – State funding for E-12 education, higher education, child care assistance and affordable housing and homelessness prevention will all be at lower levels at the end of this decade than in Fiscal Year 2003, according to *The Lost Decade: Taking a Closer Look at Minnesota's Public Investments in the 2000s*, released today by the Minnesota Budget Project, an initiative of the Minnesota Council of Nonprofits.

"We face a near \$5 billion budget deficit in a fundamentally different position than previous deficit years," said Nan Madden, director of the Minnesota Budget Project. "State investments in areas such as education and homelessness prevention are already down," said Madden.

"The 2000s can be categorized as a lost decade in which many Minnesotans found themselves constrained in their opportunities to succeed in school, the workplace, or to provide for their families," said Katherine Blauvelt, policy analyst. *The Lost Decade* examines state funding trends from Fiscal Year 2000 to Fiscal Year 2009 in four areas of the budget that significantly impact the well-being of Minnesota families: E-12 education, higher education, child care assistance and affordable housing and homelessness prevention (all data has been adjusted for inflation). In each area, the report outlines the policy choices that influence funding in that area and how those choices impact Minnesotans.

Key findings from the report include:

E-12 Education:

- State general fund spending on E-12 education rose by 10 percent from Fiscal Year 2000 to Fiscal Year 2009. However, this did not necessarily represent new money for education. A major tax reform meant that in Fiscal Year 2003, about \$1 billion in school funding was taken off of local property taxes and replaced by state funding. Since Fiscal Year 2003, state E-12 funding has gradually declined.

- School districts now rely more on property taxes than they did before Fiscal Year 2003.

Higher Education:

- In higher education, tuition has skyrocketed: in-state tuition increased by 68 percent at the University of Minnesota from 2000 to 2007. At the same time, the average state grant amount has actually decreased by 7 percent.
- State higher education funding per full-time student dropped by 28 percent from Fiscal Year 2000 to Fiscal Year 2007.

Child Care Assistance:

- After deep cuts were made to state child care funding, 11,000 fewer children accessed child care assistance in October 2005 than in June 2003.
- In spite of increased federal funding, total federal and state child care spending in Minnesota in Fiscal Year 2009 is still 16 percent below Fiscal Year 2000 levels.

Affordable Housing and Homelessness Prevention:

- Minnesotans experienced the fastest growth in the nation in the number of households spending more than half of their income on housing.
- State funding for affordable housing and homelessness prevention has gradually declined, with the exception of two one-time boosts in funding.
- From Fiscal Year 2001 to Fiscal Year 2009, funding for affordable housing and homelessness prevention fell by 17 percent.

Minnesota Loses Ground Compared to Other States

During the 2000s, Minnesota also lost ground compared to other states when it comes to higher education and E-12 spending. Minnesota's ranking among states in state funding for higher education dropped from 12th in Fiscal Year 2001 to 35th in Fiscal Year 2006, as a share of personal income. And although Minnesota is below average in state funding for higher education, it is above average in the cost of attending public institutions. Minnesota is now average in its education spending compared to other states. In Fiscal Year 1987, per pupil education spending in Minnesota was 11 percent above the national average. By Fiscal Year 2006, Minnesota's per pupil spending was equal to the national average.

For more information:

To download the report, go to www.mncn.org/bp/lostdecade.pdf. For a printed copy of the report, contact Katherine Blauvelt by email at katherine@mncn.org.

The Minnesota Budget Project, an initiative of the Minnesota Council of Nonprofits, provides independent research, analysis and advocacy on budget and tax issues emphasizing their impact on low- and moderate-income Minnesotans. The Minnesota Council of Nonprofits (MCN) is the statewide association of 1,950 nonprofit organizations. Through its Web site, resource publications, workshops and events, cost-saving programs and advocacy, MCN continually works to inform, promote, connect and strengthen individual nonprofits and the nonprofit sector. (www.mncn.org)

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