

**INDEPENDENT SCHOOL DISTRICT NO. 625
Saint Paul, Minnesota
SPECIAL MEETING OF THE BOARD OF EDUCATION
Administration Building
360 Colborne Street**

**September 24, 2019
6:00 PM**

A G E N D A

- I. CALL TO ORDER**
- II. ROLL CALL**
- III. APPROVAL OF THE ORDER OF THE MAIN AGENDA**
- IV. NEW BUSINESS**
 - A. Post Age-65 Retiree Health Insurance Annual Renewal 2
- V. OLD BUSINESS**
 - A. Action on the Pay20 Levy Ceiling 3
- VI. ADJOURNMENT**

**INDEPENDENT SCHOOL DISTRICT NO. 625
BOARD OF EDUCATION
SAINT PAUL PUBLIC SCHOOLS**

DATE: September 24, 2019

TOPIC: Post Age-65 Retiree Health Insurance Annual Renewal

A. PERTINENT FACTS:

1. The School District provides health insurance coverage for post-age 65 retirees through HealthPartners for approximately 3,326 retirees. The District's cost for calendar year 2019 is approximately \$13,800,220.
2. The District covers Medicare-eligible retirees who reside in Minnesota with the HealthPartners Journey Plan. Retirees who are non-Medicare eligible, who desire broad access, or who reside outside of Minnesota are covered by the HealthPartners Retiree National Choice Plan. Current monthly premiums are:

	<u>Single</u>	<u>Family</u>
HealthPartners Journey Plan	\$279.70	\$559.40
HealthPartners Retiree National Choice Plan	\$293.80	\$587.60

3. HealthPartners has proposed an increase of 5.83% for the Journey Plan for 2020. The National Choice Plan for 2020 incurred an approximate 14.02%. The following are the proposed rates for calendar year 2020:

	<u>Single</u>	<u>Family</u>
HealthPartners Journey Plan	\$296.00	\$592.00
HealthPartners Retiree National Choice Plan	\$335.00	\$670.00

4. HealthPartners has added Allina Care System to the Journey plan for 1/1/2020.
5. The District's annual cost for calendar year 2020 will increase approximately \$300,605 for an estimated annual cost of \$14,100,825.
5. This agreement supports the District's target area goal of Program Evaluation and Resource Allocation.
6. This item is submitted by Joyce Victor, Benefits Manager; Kenyatta McCarty, Interim Executive Director of Human Resources; and Cedrick Baker, Chief of Staff.

B. RECOMMENDATION:

That the Board of Education approves the contracts for post-age 65 retiree health insurance coverage with HealthPartners effective January 1, 2020, at the proposed premium rates.



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Proposed Pay20 Levy

Special Board of Education Meeting

Marie Schrul, Chief Financial Officer
Mary Dougherty, Legislative Liaison

September 24, 2019

Purpose

- To provide school finance and levy information
- To certify proposed Pay20 Levy ceiling

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Finance and Property Tax Basics

Public Schools

Constitutionally Established

Minnesota Constitution, Article 13, Section 1

...it is the duty of the legislature to establish a general and uniform system of public schools. **The legislature shall make such provisions by taxation or otherwise as will secure a thorough and efficient system of public schools throughout the state.**

Finance Basics | General Education Revenue

- General Education Revenue is the primary source of operating funds for Minnesota Schools
- General Education Revenue is used to pay for operating expenses, i.e. salaries, benefits, supplies
- General Education Revenue is the sum of 14 components, several have restricted uses:
 - 2 that every district receives at the same amount, and
 - 12 that vary based on demographics and geographic characteristics

General Education/Categorical Revenue (Source: State) Examples:

- Special Education
- Basic Skills (Compensatory Education)
- Gifted & Talented

Categorical and Authorized Levy Revenue (Source: Local Property Tax Levy) Examples:

- Categorical levies include:
 - Integration*
 - Transportation*
 - Operating capital*
 - Long term facilities Revenue*
 - Career and Technical Education*
- Authorized levies include:
 - Safe Schools, lease levy, OPEB and other legacy levies for District

* Denotes aid impact with levy calculation



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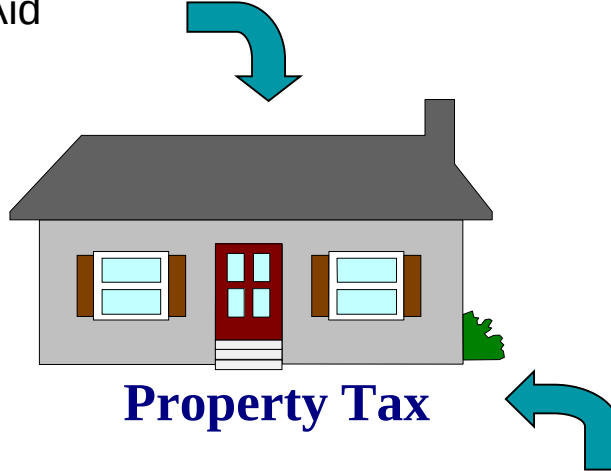
Levy Basics and Impacts

Who Determines Your Property Tax?

State Legislature

- Sets Property Tax Policy
- Establishes Property Classes & Class Rates
- Determines Levels of State Aid
- Sets School Formulas
- Underfunded Mandates to Local Governments
- Levies State Business Tax

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Property Tax

Taxing Jurisdictions

- Determines Levy Amount

County Assessor

- Determines Market Value
- Assigns Property Class

Source: Ramsey County

Major Factors Impacting Property Taxes

- Is the property tax levy going up, down, or staying the same?
- Is there additional money available to reduce the local tax burden?
- How is a home's market value changing relative to other homes or compared to other types of property?
- Are there increases to the tax base that are not the result of inflationary or deflationary changes to the values of individual properties?
- Are there legislative changes?

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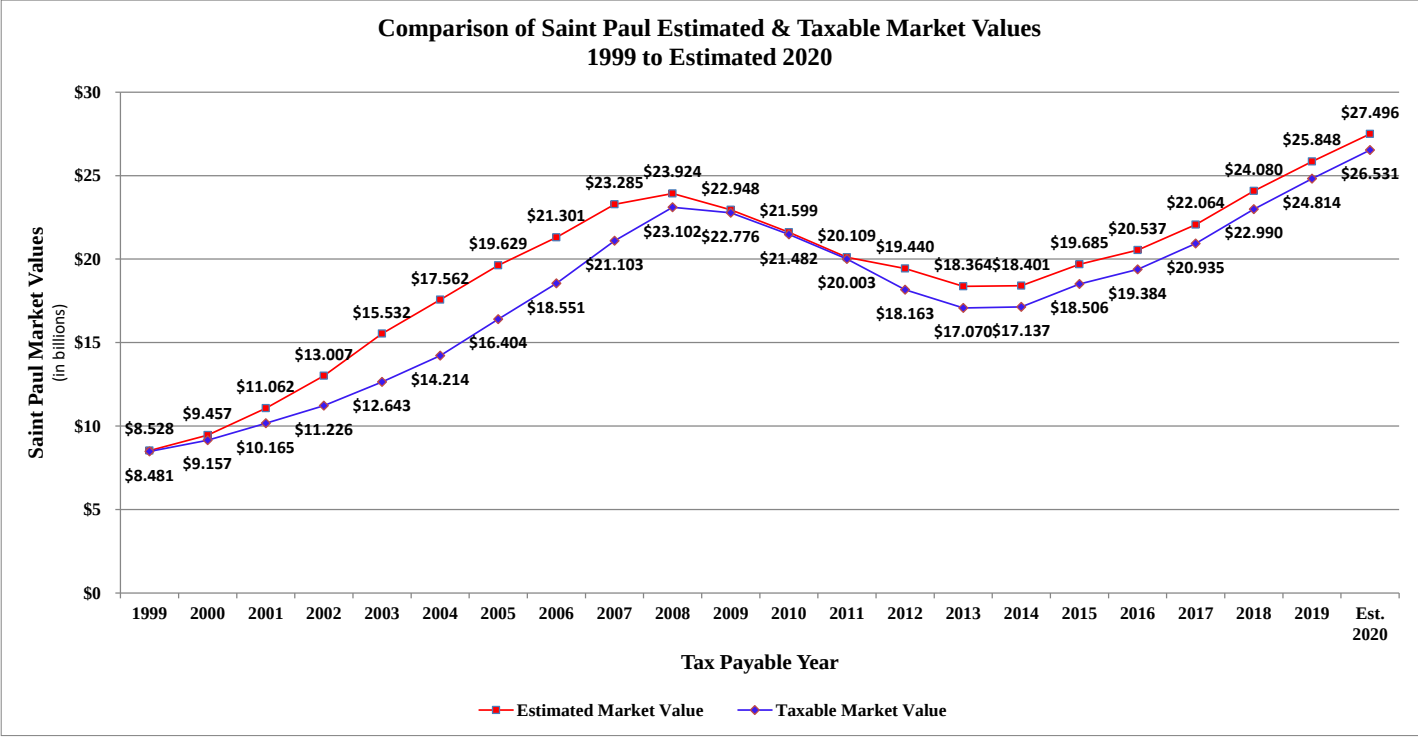
Factors Impacting the St. Paul Levy

- Overall, St. Paul's estimated market values and tax capacity are up 6.4%, values well above Pay 2008 Peak.
- Market values are increasing in the double digits for 35% of homes, 40% of apartments and 37% of commercial/industrial property
- Thomas-Dale/Frogstown, Dayton's Bluff, Payne/Phalen, North End, and West Seventh are all areas with higher increases in residential market values.
- City, County and School portion of fiscal disparities aid increased. District increased by \$6.13 million.

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St. Paul's Tax Base

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Changes In Fiscal Disparities (2019 to 2020)

	2019 FD Distribution	2020 FD Distribution	Dollar Change	Percent Change
Ramsey County	\$49,555,107	\$51,934,917	\$2,379,810	4.8%
City of St. Paul	30,676,537	33,158,533	2,481,996	8.1%
St. Paul Schools	32,457,617	38,588,204	6,130,587	18.9%

School Levy Basics

- School levy authority is established in law
- School budgets are a combination of state, federal and local funding, including the voter approved referendum
- Pay20 school levy funds the 2020-21 school year
- Districts receive payments after the May and October collections from the County
- Levy can only move down after October 1

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Factors Impacting School Levies

- Changes in tax base – increases often result in less state aid for equalized formulas
- Legislative changes to education formulas
- Referendum inflationary increase
- Pension contribution changes required by law
- OPEB obligations
- Employment changes that drive severance and unemployment levies
- Capital bonding, refunding of bonds, abatements, long term maintenance, health and safety projects, lease costs

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Proposed Levy

Proposed Pay20 Levy Ceiling

Levy Category	Certified Pay19 Levy	SPPS Proposed Pay20 Levy Ceiling	Difference
Operating	\$ 71,112,468.34	\$71,690,324.75	\$577,856.41
Pension/OPEB/Contractual	39,544,457.62	37,860,071.32	(1,684,386.30)
Facilities	64,258,911.32	74,393,597.20	10,134,685.88
Community Service	<u>3,779,160.32</u>	<u>3,685,753.77</u>	<u>(93,406.55)</u>
Total - All Levy Categories	\$ 178,694,997.60	\$187,629,747.04	\$8,934,749.44
Percent Change			5.0%

Estimated Annual Property Tax Impact | Home from 2019 to 2020 (assuming a 0% increase in market value)

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Estimated Home Market Value	Estimated Change at 4.6% Ceiling	Estimated Change at 5.0% Ceiling
\$ 75,000	(\$20.62)	(\$19.46)
100,000	(26.91)	(25.07)
199,800	(51.91)	(47.28)
300,000	(77.00)	(69.57)
400,000	(102.05)	(91.84)
500,000	(127.48)	(114.67)

Source: Ramsey County
Median home market value is \$199,800

Estimated Annual Property Tax Impact | Home from 2019 to 2020

(assuming a 7.3% increase in market value)

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Estimated Home Market Value	Estimated Change at 4.6% Ceiling	Estimated Change at 5.0% Ceiling
\$ 75,000	\$1.51	\$2.67
100,000	15.15	16.99
199,800	31.47	36.10
300,000	48.43	55.86
400,000	65.08	75.29
500,000	66.42	79.23

Source: Ramsey County
Median home market value is \$199,800

Estimated Annual Property Tax Impact | Commercial/Industrial from 2019 to 2020 (assuming a 6.0% increase in market value)

Estimated Commercial/Industrial Market Value	Estimated Change at 4.6% Ceiling	Estimated Change at 5.0% Ceiling
\$ 200,000	(\$57.63)	(\$52.07)
500,000	(150.83)	(135.00)
525,000	(158.72)	(142.05)
1,000,000	(306.60)	(273.68)

Source: Ramsey County

*Median commercial/industrial market value is \$525,000

Pay20 Levy Calendar

	Date	Action
X	August-early September	District submits levy information to MN Department of Education (MDE)
X	September 6	MDE provides preliminary calculations
X	September 10	COB Meeting: Finance and Levy 101 Work-session
X	September 17	BOE Meeting: Present proposed Pay20 Levy
X	September 23	JPTAC (Joint Property Tax Advisory Committee) adopts joint advisory joint levy resolution
23 X	September 24	SPPS sets Pay20 levy ceiling at special BOE
	October 1	SPPS provides Pay20 levy ceiling data to Ramsey County and MDE. Cities and Counties also certify by this date.
	October 1 – November 10	Ramsey County calculates taxes and prepares tax statements
	November 12	Anticipated Ramsey County mailing of tax statements
	December 3	Public Hearing on Proposed Tax Levy
	December 17	BOE certifies Pay20 levy
	December 30	SPPS certifies Pay20 levy to Ramsey County

Requested Action

- To certify a total proposed Pay20 levy ceiling amount of \$187,629,747.04, which is an increase of \$8,934,749.44 over the certified Pay19 levy



Questions?