

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

**December 6, 2016
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. OLD BUSINESS**
 - A. Administration Report on Pay 17 Levy
- V. PUBLIC HEARING ON SPPS LEVY**
- VI. ADJOURNMENT**

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Public Hearing on Proposed Pay17 Levy

Board of Education

Marie Schrul

Chief Financial Officer

December 6, 2016



Purpose



- State statute requires all local governments (cities, counties and school districts) to hold a public hearing prior to finalizing their levy authority and allow for public comment
- The hearing must follow the release of the proposed tax notices from the county (mailed on November 14 this year)
- The notice provides information on estimated taxes as well as market value and other homestead adjustments



The Basics



- School levy authority is established in law
- School budgets are a combination of state, federal and local funding, including the voter approved referendum
- Unlike cities and counties, the Pay17 school levy funds the 2017-2018 school year that will be adopted next June
- Based on last year, levies comprise 20% of the school district's budget



Why Do School Boards Levy?

- To provide revenue that helps fund cost of staff (salary and benefits), OPEB & pension obligations, health and safety projects, facilities maintenance, debt service obligations, community education programs and other expenses
- Schools can only levy what is authorized by law



Factors Impacting Levies



- Change in St. Paul's tax base—home values continue to improve as well as commercial
- Apartments—rates are heavily weighted on income production, i.e. rent
- Net tax capacity in St. Paul increased 7.8%
- Fiscal disparities aid increasing \$1.57 million
- Tax Increment Financing changes
- Pension contribution or unemployment changes
- Long term facilities and bonding



Other Factors Impacting School Levies



- Changes in pupil counts
- Legislative changes to education formulas
- Referendum inflationary increase
- Capital bonding, refunding of bonds, abatements, long term maintenance, health and safety projects, lease costs



SPPS Levy Categories



- **Operating:** general levies that support school functions, including referendum, integration, operating capital, career/tech, transition, safe schools and abatement adjustments
- **Pension/OPEB/Contractual Obligations**
- **Facilities:** includes health and safety, deferred maintenance, new construction and abatements
- **Community Service:** community education programs, learning readiness, after school, ECFE



Pay 17 Levy Proposal



Levy Category	Certified Pay 16 Levy	Proposed Pay17 Levy	Difference
Operating	\$47,242,112	\$47,134,881	(\$107,231)
Pension/OPEB/Contractual	36,133,492	37,545,435	1,411,943
Facilities	54,572,087	59,983,176	5,411,089
Community Service	<u>3,260,938</u>	<u>3,406,163</u>	<u>145,225</u>
Total – All Levy Categories	\$141,208,630	\$148,069,656	\$6,861,026
Percent Change			4.9%

Pay 17 Final MDE Levy data as of 12/2/16

Estimated Annual Property Tax Impact

4.9% Levy Increase

(assuming a 6.4% increase in market value)

Home Estimated Market Value	Pay 2016 ISD 625 Property Taxes	Estimated Pay 2017 ISD 625 Property Taxes	Estimated change at 4.9% Ceiling
\$75,000	295.82	304.18	8.36
100,000	444.75	466.61	21.86
161,200	755.37	786.49	31.12
200,000	1,048.17	1,084.94	36.77
300,000	1,651.59	1,703.71	52.12
400,000	2,255.01	2,322.61	67.60
500,000	2,825.16	2,897.54	72.38

Source: Ramsey County
 Median home market value is \$161,200
 12/06/16



Estimated Annual Property Tax Impact Commercial/Industrial 4.9% Levy Increase (assuming a 6.7% increase in market value)



Commercial/ Industrial Estimated Market Value	Pay 2016 ISD 625 Property Taxes	Estimated Pay 2017 ISD 625 Property Taxes	Estimated change at 4.9% Ceiling
200,000	1,264.42	1,220.00	(44.42)
500,000	3,502.48	3,370.97	(131.51)
1,000,000	7,232.72	6,956.29	(276.43)

Source: Ramsey County



Pay 17 Levy Calendar



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	Date	Action
✓	August-early September	District submits levy information to MDE
✓	September 8	MDE provides preliminary calculations
✓	September 13	COB discusses Pay17 levy
✓	September 20	BOE sets ceiling for Pay17 levy
✓	September 26	JPTAC (Joint Property Tax Advisory Committee) adopts joint advisory joint levy resolution
✓	September 30	SPPS provides Pay17 levy ceiling data to Ramsey County and MDE. Cities and Counties also certify by this date.
✓	October 1 – November 15	Ramsey County calculates taxes and prepares tax statements
✓	November (week of 14 th)	Ramsey County mails tax statements
	December 6	SPPS holds public hearing (note: COB meeting that evening)
	December 13	BOE certifies Pay17 levy at BOE meeting
	December 31	SPPS certifies Pay17 levy to Ramsey County



Board of Education Hears from the Public

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