

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

**December 3, 2013
6:00 PM**

A G E N D A

- I. CALL TO ORDER
- II. ROLL CALL
- III. ORDER OF THE AGENDA
 - A. Introduction
 - B. Presentation on the Levy
 - C. Public Hearing on the SPPS Pay 14 Levy
- IV. ADJOURNMENT

2



Public Hearing on Proposed Levy

Board of Education

Marie Schrul

Controller

December 3, 2013



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 that must be sent between November 10 and November 24th via first class mail
- 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 voter approved referendum
- Pay 14 school levy funds the 2014-2015 school year
- State law requires board to adopt budget by June 30, 2014

Levy Process

- District submits levy information—MDE calculates maximum levy authorized by law
- MDE authorized \$136,373,526 million, a 1.98% increase
- Board reduced maximum levy ceiling in September to \$135,056,533 million, a 1% increase
- JPTAC meeting September 30th adopted joint levy resolution (combined city, county, school levy net reduction of 1.7%)
- TNT notices sent with proposed levy
- Public hearing required by state law (tonight)
- Final Pay14 levy approval at BOE on December 17th

12/3/2013

Recommended Pay14 Levy

	A	B	C	D
	Pay13 Certified	Pay14 Sept Projection	MDE Actual	Administration Recommendation
General Fund Levy	\$86,417,736	\$91,283,192	\$92,589,103	\$91,272,110
Community Ed Levy	3,449,244	3,446,145	3,457,227	3,457,227
Debt Service Levy	43,852,360	40,327,196	40,327,196	40,327,196
Total – All Levies	\$133,719,340	\$135,056,533	\$136,373,526	\$135,056,533
Percent Change from Pay13		1.0%	1.98%	1.0%

12/3/2013



2013 Legislative Action

- Increased general education funding 1.5%
- Restored integration aid/levy (although new formula is less revenue for St. Paul)
- Increased Pre-K funding beginning this year - St. Paul received funding from scholarships to increase enrollment, along with district commitment (Pre-K enrollment is up)
- Increased and modified special ed funding and formulas

Legislative Referendum Changes

- 2013 State Legislature changed referendum levy system calculations
- Under old calculations referendum was \$43.5 million
- Under new calculations referendum is \$43.5 million
- Bottom line for SPPS – no change in total referendum amount but will provide additional tax relief
- Referendum and LEI remain based on market value (all properties are taxed at same rate using market value)

12/3/2013

New Referendum Calculation

Description	Amount
Old Law- includes charter and open enrollment pupils	\$835 per pupil
New Law—excludes charters and open enrollment and weight changes	\$967 per pupil
Location Equity Revenue (LER) is then subtracted from amount	\$424 per pupil
Estimated new referendum	\$ 543 per pupil
(Referendum + LEI) X pupil unit =	\$43.5 million for SPPS

Levy Factors

Factors that help reduce taxes:

- More equalization aid for the first tier referendum and portion of LEI (Location Equity Index)
- Fiscal disparities distribution increased
- Federal credits on qualified bonds helped reduce debt service

Other Levy Factors

- Introduction of “Pay Go” financing for alternative facilities (deferred maintenance) - move from financing to paying cash
- Reestablishment of new gen ed levy (student achievement levy)
- OPEB
- Pension contributions (required by law)
- Safe Schools levy

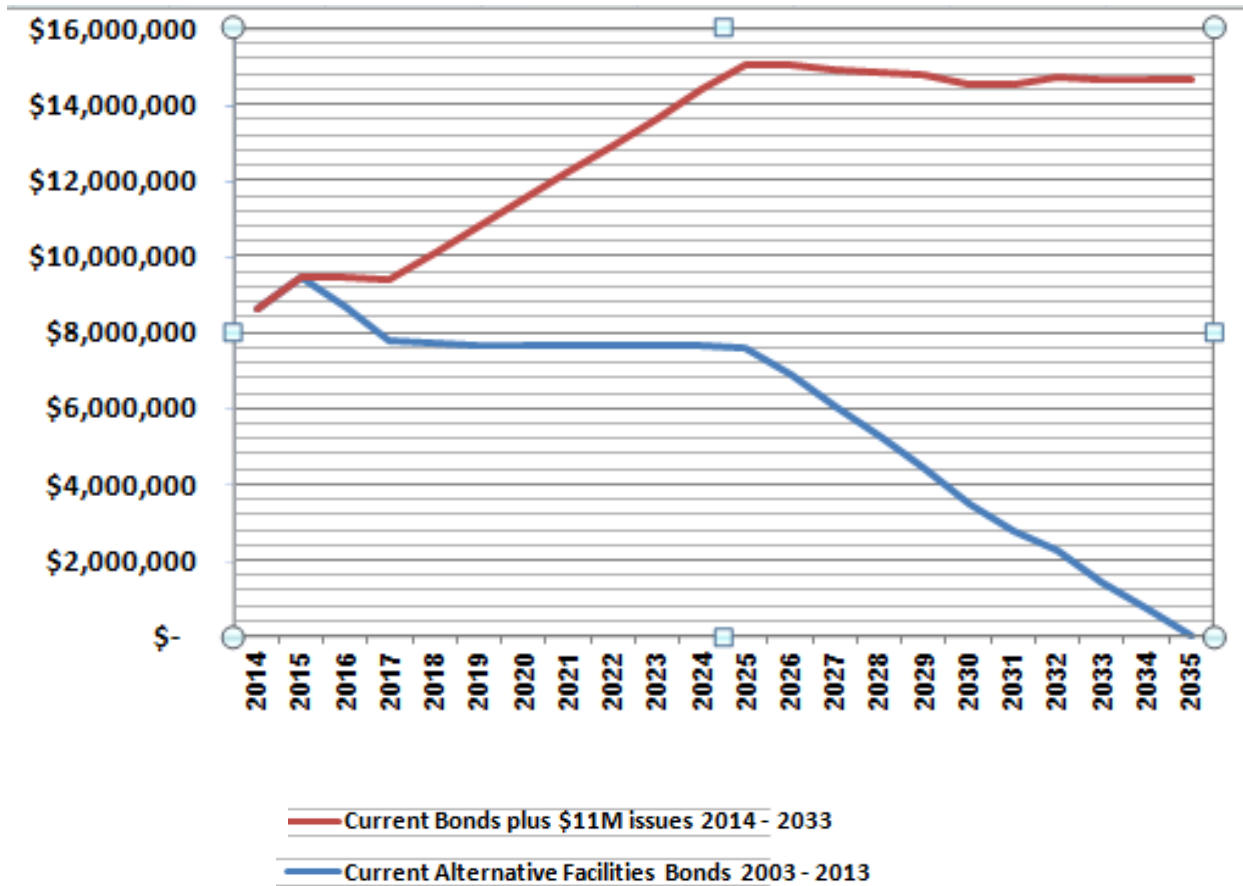


Alternative Facilities (Deferred Maintenance Funding)

- District may sell bonds or “pay as you go” under alternative facilities (deferred maintenance) program
- Transition to “pay go” saves taxpayers by reducing:
 - Legal, issuance and arbitrage calculation costs of selling bonds –estimated savings over ten years \$.5 million
 - Interest payments over life of bonds - 10 year estimate is \$18.0 million
- Reduces total district’s debt amount in future years
- Results in reducing debt service levy for alternative facilities in future years - see graph

12/3/2013

Alternative Facilities Portion of Debt Service Levy



12/3/2013



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12/3/2013



Estimated reductions in taxes

	Home Estimated Market Value	Pay 2013 ISD 625 Property Taxes	Estimated Pay 2014 ISD 625 Property Taxes	Estimated Change in School Tax
Median	75,000	336.96	312.15	(24.81)
	100,000	499.16	471.99	(27.17)
	130,500	699.18	669.39	(29.79)
	200,000	1,155.58	1,119.89	(35.69)
	300,000	1,811.99	1,767.78	(44.21)
	400,000	2,468.41	2,415.67	(52.74)
	500,000	3,091.85	3,026.68	(65.17)

This information is prepared by Ramsey County, Property Records and Revenue



Recommendation

Pay14 levy of \$135,056,533 million, a 1% increase

Supports:

- Continuation of Strong Schools, Strong Communities Plan—Achievement, Alignment, Sustainability
- Continued referendum commitments
- Reduction of long term debt
- Maintain high bond ratings
- Compliance with federal and state obligations