

**INDEPENDENT SCHOOL DISTRICT NO. 625
Saint Paul, Minnesota**

SPECIAL MEETING OF THE BOARD OF EDUCATION

**360 Colborne Street
Saint Paul, MN 55102**

**September 27, 2021
4:30 p.m.**

MINUTES

I. CALL TO ORDER

Chair Foster called the meeting to order at 4:30 p.m.

II. ROLL CALL

Board of Education: J. Foster, J. Vue, C. Allen, J. Kopp, Z. Ellis

Y. Carrillo and C. Allen arrived a few minutes late.
J. Brodrick was not able to attend today's meeting.

III. APPROVAL OF THE ORDER OF THE MAIN AGENDA

Director Foster then moved approval of the order of the main agenda. The motion was seconded by Director Ellis.

The motion was approved by roll call vote:

Director Kopp	Yes
Director Ellis	Yes
Director Foster	Yes
Director Vue	Yes

Motion passed unanimously, 4-0.

IV. PROPOSED PAY22 LEVY

Director Foster turned the meeting over to Superintendent Gothard to introduce the Proposed Pay22 Levy presentation.

Superintendent Gothard noted the focus of the meeting was the proposed Pay22 Levy, which Chief Schrul has laid out in some detail to the board previously regarding the steps required for its approval, including the Truth in Taxation hearing this fall. He then introduced Chief Schrul as presenter.

Chief Schrul began by thanking Superintendent Gothard and the board for the opportunity to present the proposed Pay22 Levy in this forum and then proceeded to introduce the purpose of the discussion as to set the levy ceiling for the Saint Paul Public Schools for 2022. She emphasized the proposed levy today was not the final levy but the maximum that can be set in September. The final levy will be set for the board's approval during the Truth in Taxation Hearing, during the Committee of the Board meeting, on December 7, 2021.

Chief Schrul began with what she described as the Levy Basics, which may be a review for board members, but may be new information for community members watching the meeting via livestream. School levy authority is established in law. She continued that SPPS budgets comprise state, federal, and local funding. The levy, the local funding, includes the voter referendum, which comprises approximately 22% of total SPPS funding. Pay22 Levy funds fiscal year 2022-2023 and payments will be received by the district following the May and October collections from the county. The state legislature sets tax policy, funding formulas and state funding levels. There are things that may change during the legislative session and can impact overall funding. Taxing jurisdictions and assessed property values determine the amount.

The purpose of this meeting was to set the levy ceiling, the maximum. The parameters for the levy ceiling were provided by the legislature and final numbers came from the legislature and the calculations provided by the state Department of Education on Friday, September 24th. The SPPS levy ceiling must be certified no later than Sept 30th, thus the need for this discussion today. The numbers can be moved downward after Oct 1, but the levy cannot move higher after that point.

Chief Schrul noted that sometimes enrollment and other factors can have an impact on the levy. Other factors during a regular cycle can include changes in the tax base, legislative changes, inflationary increases, pension contributions required by law or employment changes that drive severance and unemployment levies. Other adjustments can happen through September, though Chief Schrul did not anticipate significant adjustments this year.

Overall factors impacting the Saint Paul levy this year: estimated property market values are up 3.8% from the prior year and are up \$6.6B above Pay2008 peak. Sunray, Battle Creek, North End and a few other neighborhoods are seeing the largest increases. School fiscal disparities aid to the district has also increased 4.25% (approximately \$1.6M), which helps alleviate the overall tax.

Chief Schrul continued by noting the following details regarding the proposed Pay22 Levy Ceiling:

- Operating funding source is the referendum. The main difference in funding is an increase correlated to changes seen in enrollment. When we see increases in people units in the city, there is an impact on referendum funding. The district estimated a higher number in the city's pupil units and thus in the residential student count.
- Pension/OPEB/Contractual: 1.055M TRA levy and post-employment benefit levy are factors in levy calculation. The district is allowed to levy for benefits and contribution changes which correlate to inflationary increases and changes to baseline salaries of staff.
- Facilities: Chief Schrul noted seeing no changes this year and a slight decrease thanks to long-term facilities maintenance. As a result, the district has done some bond refunding.
- Community Service, primarily the community education program, has a slight decrease in funding for the planned levy.

In sum, the proposed Pay22 Levy Ceiling of \$202,788,045 represents a 3.15% increase from 2021.

Annual impact of a 3% levy increase on homeowners, assuming a 6% increase in property market value and a median home value of \$228,700 today, is approximately a \$79 dollar tax increase on a median priced home. Commercial/industrial property assumption of \$483,000 estimated value median will see a credit on their taxes. If those commercial/industrial properties have seen a decrease in value, then their credits will be higher than those noted on the slide.

Regarding the Pay22 Levy Calendar, Chief Schrul reviewed key dates:

- September 27: Requested BOE action: Certify proposed Pay22 Levy Ceiling as maximum & Certify the date for the taxation and budget hearing on Dec 7 at 6:00 p.m.;
- September 30: Ramsey County will provide levy data;
- November 10-24: County mails tax statements to Saint Paul addresses;
- December 7: Truth in Taxation Hearing held and comments collected from the community during public hearing at 6 p.m.;
- December 14: SPPS Board of Education will be asked to certify the levy during the Regular Meeting of the Board at 6:05 p.m.
- End of December: SPPS provides final levy details to Ramsey County.

Chief Schrul reviewed the requested actions of the board during the meeting, including the two motions: 1) To certify the Proposed Pay22 Levy ceiling as maximum, and 2) To certify the date for the Taxation and Budget Hearing for December 7th at 6:00 p.m. (COB meeting that evening).

QUESTIONS/COMMENTS:

- Director Ellis began by asking for clarification on the levy planning assumptions and Chief Schrul's expectation that there will be no significant changes this year. More specifically, Director Ellis asked what would be considered significant or what changes may be possible.
- Chief Schrul noted adjustments for a project or enrollment are possible, but the calculations provided are the best possible based on data available today. The district has seen minor fluctuations through the state. Should sizable changes occur, if any, those changes would be brought to the board for a possible reduction in the levy. The proposed levy discussed today sets the maximum levy at 3.15%. The district has done its best to make this calculation final, but sometimes there are adjustments at the state level. The presentation today was the best scenario and the district does not anticipate changes.
- Director Ellis followed up by asking for a sense of what 'sizable' might look like.
- Chief Schrul noted \$100,000 or less would be sizable.
- Director Foster asked board members for any further comments or questions, seeing none she asked Superintendent Gothard for closing comments.
- Dr. Gothard thanked Chair Foster, board members, Chief Schrul and her staff, who have scrambled to make calculations on very tight deadlines and to keep the community informed. He noted that following the district's successful referendum, the district is trying to provide stability for the district in these uncertain times. In the presentation, Chief Schrul noted property value fluctuations in different pockets of the community, such as the North End, where values have been down in the past. The district wants to be responsible and transparent and he thanked Chief Schrul and team for their timeliness and their preparations for certification by the county.
- Director Ellis then asked for clarification about the estimated property tax credit for commercial and industrial properties, as noted in Chief Schrul's presentation.
- Chief Schrul responded by saying the estimated impact on commercial and industrial property values will be a tax credit. She noted that at the county level the property values are actually decreasing, so with a decrease the tax credit would be more than shown on the side. Additional details will be provided during the December meeting when more finalized numbers become available.

- Director Ellis sought clarification on the impact of this property value change on SPPS.
- Chief Schrul noted that the levy is based on the property value dollar amount and thus the district will see lower taxes on commercial/industrial properties.

Seeing no further questions or comments, Director Foster moved approval of the motion to certify the Proposed Pay22 Levy ceiling.

BF 32537 MOTION: To certify the Proposed Pay22 Levy ceiling as maximum

The motion was seconded by Director Ellis.

The motion was approved by roll call vote:

Director Allen	Yes
Director Kopp	Yes
Director Carrillo	Yes
Director Ellis	Yes
Director Foster	Yes
Director Vue	Yes

Motion passed unanimously, 6-0.

Director Foster then moved approval of the second motion:

BF 32538 MOTION: To certify the date for the Taxation and Budget Hearing for December 7th at 6:00 p.m. (COB meeting that evening)

The motion was seconded by Director Carrillo.

The motion was approved by roll call vote:

Director Allen	Yes
Director Kopp	Yes
Director Carrillo	Yes
Director Ellis	Yes
Director Foster	Yes
Director Vue	Yes

Motion passed unanimously, 6-0.

XII. ADJOURNMENT

Director Foster noted the conclusion of this Special Meeting of the Board of Education for September 27, 2021, and then provided a reminder that the board will hold a Special Closed labor negotiations meeting on Monday, October 4th, 2021 at 4:30pm and a Special Meeting to discuss Envision SPPS on Monday, October 4th, 2021 at 5:30pm. The next Committee of the Board Meeting will be on Tuesday, October 5th, 2021 at 4:30pm and our next Regular Meeting of the Board of Education will be on Tuesday, October 19th, 2021 beginning at 5:30pm with Public Comment.

Director Foster then moved approval to adjourn the meeting. The motion was seconded by Director Ellis.

The motion was approved by roll call vote:

Director Allen	Yes
Director Kopp	Yes
Director Carrillo	Yes
Director Ellis	Yes
Director Foster	Yes
Director Vue	Yes

Vote: 6-0, passed unanimously

The meeting adjourned at 4:53 p.m.

For clarity and to facilitate research, these minutes reflect the order of the original Agenda and not necessarily the time during the meeting the items were discussed.

Prepared and submitted by:&

Brian Hammer

Secretary to the Board (Interim), St. Paul Public Schools Board of Education