

INDEPENDENT SCHOOL DISTRICT NO. 625
Saint Paul, Minnesota
MINUTES OF THE SPECIAL MEETING OF THE BOARD OF EDUCATION

September 24, 2019

I. CALL TO ORDER

The meeting was called to order at 6:02 p.m.

II. ROLL CALL

Present: Mr. Brodrick, Ms. Xiong, Ms. Vanderwert, Ms. Ellis, Ms. Foster, Superintendent Gothard, Mr. Forbes, Assistant General Counsel, and Ms. Dahlke, Assistant Clerk

Mr. Marchese and Mr. Schumacher were absent.

III. APPROVAL OF THE ORDER OF THE MAIN AGENDA

MOTION: Ms. Ellis moved approval of the Order of the Main Agenda. The motion was seconded by Mr. Brodrick.

The motion was approved with the following roll call vote:

Mr. Brodrick	Yes
Ms. Xiong	Yes
Ms. Vanderwert	Yes
Mr. Schumacher	Absent
Mr. Marchese	Absent
Ms. Ellis	Yes
Ms. Foster	Yes

IV. NEW BUSINESS

A. Post Age-65 Retiree Health Insurance Annual Renewal

Superintendent Gothard introduced Cedrick Baker, Chief of Staff, to provide more information on this item.

This item is the Post Age-65 Retiree Health Insurance Annual Renewal. The School District provides health insurance coverage to retirees age 65 and over, and each year this comes before the Board as an annual renewal due to changes. It affects retirement individuals, and those hired before 1996. The Board approves changes and rates for retirees annually. The rationale for this timing is to ensure communications goes out to retirees in time for open enrollment. The request is for the approval in the changes to the rates for retiree health insurance.

The rate changes to Health Partners Journey and Health Partners Retiree National Choice plan were then reviewed.

QUESTIONS/DISCUSSION: None

MOTION: Ms. Ellis moved that the Board of Education approve the contracts for post-age 65 retiree health insurance coverage with HealthPartners effective January 1, 2020, at the proposed premium rates. The motion was seconded by Ms. Xiong.

The motion was approved with the following roll call vote:

Mr. Brodrick	Yes
Ms. Xiong	Yes
Ms. Vanderwert	Yes
Mr. Schumacher	Absent
Mr. Marchese	Absent
Ms. Ellis	Yes
Ms. Foster	Yes

V. OLD BUSINESS

A. Proposed Pay20 Levy

Superintendent Gothard introduced Marie Schrul, Chief Finance Officer, and Mary Dougherty Gilbert, Legislative Liaison, to present information on school finance and levy information on the Proposed Pay20 Levy, and to request the action to certify the proposed Pay20 Levy ceiling.

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 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

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

Taxing Jurisdictions

- Determines levy amount

County Assessor

- Determines Market Value
- Assigns Property Class

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?

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/Frogtown, 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.

St. Paul's Tax Base

- A line graph showing the comparison of Saint Paul Estimated and Taxable Market Values 1999 to Estimated 202 was presented.

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 Saint Paul	30,676,537	33,158,533	2,481,996	8.1%
Saint 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

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

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	3,779,160.32	3,685,753.77	(93,406.55)
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)

Home Estimated 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)

Home Estimated Market Value	Estimated Change at 4.6% Ceiling	Estimated Change at 5% 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)

Commercial/Industrial Estimated Market Value	Estimated Change at 4.6% Ceiling	Estimated Change at 5% 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	Aug-Early Sept	District submits levy information to MN Department of Education (MDE)
X	Sept 6	MDE provides preliminary calculations
X	Sept 10	COB Meeting: Finance and Levy 101 Work Session
X	Sept 17	BOE Meeting: Present Proposed Pay 20 Levy
X	Sept 23	JPTAC (Joint Property Tax Advisory Committee) adopts joint levy resolution
X	Sept 24	SPPS sets Pay20 levy ceiling at Special Meeting
	Oct 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
	Nov 12	Anticipated Ramsey County mailing of tax statements
	Dec 3	Public Hearing on Proposed Tax Levy
	Dec 17	BOE certifies Pay20 levy
	Dec 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/DISCUSSION: None

MOTION: Ms. Ellis moved the Board of Education 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. The motion was seconded by Ms. Vanderwert.

The motion was approved with the following roll call vote:

Mr. Brodrick	Yes
Ms. Xiong	Yes
Ms. Vanderwert	Yes
Mr. Schumacher	Absent
Mr. Marchese	Absent
Ms. Ellis	Yes
Ms. Foster	Yes

V. ADJOURNMENT

Ms. Ellis moved the meeting to adjourn, and it was seconded. It passed by acclaim.

The meeting adjourned at 6:28 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
Sarah Dahlke
Assistant Clerk, St. Paul Public Schools Board of Education