

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

September 25, 2018

I. CALL TO ORDER

The meeting was called to order at 6:00 p.m.

II. ROLL CALL

Present: Ms. Ellis, Mr. Brodrick, Ms. Xiong, Ms. Vanderwert, Mr. Schumacher, Mr. Marchese, Superintendent Gothard, Mr. Long, General Counsel, and Ms. Dahlke, Assistant Clerk

Ms. Foster was absent due health reasons.

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. Schumacher.

The motion was approved with the following roll call vote:

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

IV. OLD BUSINESS

A. Proposed Pay19 Levy

Superintendent Gothard introduced Marie Schrul, Chief Finance Officer, to present information on the Proposed Pay19 Levy, and to request the action to set the maximum levy ceiling.

Planning Assumptions (staff estimate)

- All figures in this report are based on Administration's best estimated, using the statutory authorized amounts
- MDE provided updated Pay19 levy calculations on September 19
- MDE continues to make adjustments to the SPPS numbers through September
- Most districts certify their maximum levy

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, Pay19 school levy funds the 2019-2020 school year
- Levies contribute to approximately 20% of SPPS budget
 - That amount could be a little higher than 20% based on the election results.
- Levy can only move down after October 1

- When we certify the levy ceiling, it is not the final levy certification number. It is the suggested ceiling. We have until December to set the final levy percentage and dollar.

Proposed Pay19 Levy Ceiling (for certification on 9/25/2018)

Levy Category	Certified Pay18 Levy	SPPS Estimated Pay19 Levy Ceiling as of 9/19/2018	Difference
Operating	\$ 50,250,404	\$ 53,967,603	\$ 3,717,199
Pension/OPEB/Contractual	38,930,211	39,544,458	614,247
Facilities	62,657,568	64,258,911	1,601,343
Community Service	3,626,763	3,779,160	152,397
Total – All Levy Categories	\$ 155,464,946	\$ 161,550,132	\$ 6,085,186
Percent Change			3.91%

Estimated Pay19 Levy Ceiling (with additional referendum funding request)

Levy Category	Certified Pay18 Levy	SPPS Estimated Pay19 Levy Ceiling as of 9/19/2018	Difference
Operating	\$ 50,250,404	\$ 72,467,603*	\$ 22,217,199*
Pension/OPEB/Contractual	38,930,211	39,544,458	614,247
Facilities	62,657,568	64,258,911	1,601,343
Community Service	3,626,763	3,779,160	152,397
Total – All Levy Categories	\$ 155,464,946	\$ 180,050,132	\$ 24,585,186
Percent Change			15.81%

* The SPPS estimated Pay19 Levy Ceiling amount includes the \$18.6M funding request to increase the Operating Levy in November 2018.

Estimated Annual Property Tax Impact – Home from 2018 to 2019 (assuming a 0% increase in market value)

Home Estimated Market Value	Estimated Change at 3.91% levy increase without School Referendum	Estimated Change at 15.81% levy increase with School Referendum
\$ 75,000	\$ (5.25)	\$ 48.98
100,000	(9.41)	62.89
186,200	(24.10)	110.53
200,000	(26.47)	118.14
300,000	(43.53)	173.39
400,000	(60.57)	228.64
500,000	(76.03)	285.49

Source: Ramsey County; Median home market value is \$186,200

Estimated Annual Property Tax Impact – Home from 2018 to 2019 (assuming a 7.1% increase in market value)

Home Estimated Market Value	Estimated Change at 3.91% levy increase without School Referendum	Estimated Change at 15.81% levy increase with School Referendum
\$ 75,000	\$ 13.21	\$ 67.44
100,000	27.61	99.91
186,200	44.81	179.44*
200,000	48.09	192.70
300,000	68.05	284.97
400,000	88.02	377.23
500,000	97.86	459.38

Source: Ramsey County; Median home market value is \$186,200

* The estimated tax impact for the Referendum funding request on an average homeowner would be approximately \$11/month (\$179.44 - \$44.81 = \$134.63 / 12 = \$11.22)

- It was also noted that there could be swings in property value, which would not always equal the percentage that the homeowner pays. We're showing a basic average homeowner. It could fluctuate based on neighborhood, construction nearby, or construction on the home. There are many factors that go into market value.
- There are property tax refunds and other programs on the back of tax statements that can also reduce the overall tax.

Estimated Annual Property Tax Impact – Commercial/Industrial from 2018 to 2019 (assuming a 6.1% increase in market value)

Commercial/Industrial Estimated Market Value	Estimated Change at 3.91% levy increase without School Referendum	Estimated Change at 15.81% levy increase with School Referendum
\$ 200,000	\$ (34.82)	\$ 122.29
495,450	(107.36)	286.03
500,000	(108.09)	288.59
1,000,000	(230.29)	566.20

Source: Ramsey County; Median commercial/industrial market value is \$495,450

Pay19 Levy Calendar

	Date	Action
X	Aug-Early Sept	District submits levy information to MDE
X	Sept 7	MDE provides preliminary calculations
X	Sept 11	COB discusses Pay19 levy
X	Sept 18	Pay19 Levy Update to BOE
X	Sept 24	JPTAC (Joint Property Tax Advisory Committee) adopts joint levy resolution
X	Sept 25	BOE to set Pay19 levy ceiling (Special BOE Meeting at 6pm)
	Oct 1	SPPS provides Pay19 levy ceiling data to Ramsey County and MDE
	Oct 7 – Oct 22	SPPS mails notice of referendum to each taxpayer in the District
	Nov 6	General election/operating levy (referendum) increase vote
	Nov 7	MDE adjusts the Pay19 levy ceiling based on Nov 6 election results
	Oct 1 – Nov 10	Ramsey County calculates taxes and prepares tax statements
	Nov 15	Anticipated Ramsey County mailing of tax statements
	Dec 4	Proposed date for public hearing
	Dec 18	BOE certifies Pay19 levy
	Dec 28	SPPS certifies Pay19 levy to Ramsey County

Requested Action

- Approve the maximum Pay19 levy ceiling as authorized and reported by the Minnesota Department of Education (MDE)
- The Taxation and Budget Hearing has been set by the SPPS Board of Education for December 4, 2018 at 6:00 p.m. (360 Colborne Street, Rooms A & B)

QUESTIONS/DISCUSSION:

- How does MDE figure out the maximum levy? Response: There are about 40 pages of formulas that are used, with specific formulas for each levy category, and there can be 80 different categories. Each different section of the levy has specific laws and rules. The input process starts early in the summer and continues throughout the month of September. Each category requires different personnel at the State to review each item by school district. There are also some within statutory laws, and others are within areas that the school district has to prove expenditures from previous years. Everything is validated through the State, and mostly within law already pre-set, and within legislature.
- The levy can only move down after October 1st, why is that? Response: It is due to setting the ceiling at this meeting. One the ceiling is set, it cannot move any higher. We are basically setting the level and voting on that level.
- Director Schumacher noted that we have limited sources of revenue to work with in order to fulfill the requirements to provide our students with an adequate education, and levies are one of them. Referendums are another, as well as funding from the State and grants. He noted that this is not a decision that the Board takes lightly. The Board understand that property taxes are rising, and it is not easy for everyone to absorb these costs. He noted that there are programs and funds available to lower income areas. He shared that the Board is cognizant of the impact this has, and they are also sworn to provide the education that our kids need and the responsibility to do that. He thanked Chief Schrul and her team for showing how we are spending money wisely and getting everything we can from every source to ensure our kids get the education they need and deserve.

MOTION: Mr. Brodrick moved the Board of Education approve the maximum Pay19 levy ceiling as authorized and reported by the Minnesota Department of Education (MDE). The motion was seconded by Mr. Schumacher.

The motion was approved with the following roll call vote:

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

V. ADJOURNMENT

Ms. Ellis moved the meeting to adjourn, and Mr. Brodrick seconded the motion. It passed by acclaim.

The meeting adjourned at 6:21 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