

INDEPENDENT SCHOOL DISTRICT NO. 625
Saint Paul, Minnesota
MINUTES OF THE SPECIAL MEETING OF THE BOARD OF EDUCATION
FOR A PUBLIC HEARING ON THE PAY 16 LEVY

December 6, 2016

I. CALL TO ORDER

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

II. ROLL CALL

PRESENT: Mr. Marchese, Ms. Ellis, Ms. Foster, Mr. Brodrick, Mr. Vue, Ms. Vanderwert, Mr. Schumacher, Superintendent Thein, Ms. Cameron, General Counsel and Ms. Polsfuss, Assistant Clerk

IV. OLD BUSINESS

A. Administration Presentation on the Pay 17 Levy

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.

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 Pay 17 school levy funds the 2017-18 school year that will be adopted in June 2017. Based on last year, levies comprise 20% of the school district's budget.

Levies provide revenue that helps school districts fund the cost of staff (salary and benefits), OPEB and 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 the levy include:

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

SPPS levy categories are:

- 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 and ECFE.

Pay 17 Levy Proposal:

Levy Category	Certified Pay 16 Levy	SPPS Estimated Pay 17 Levy Ceiling as of 9/9/16	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%

Staff reviewed the property tax impact at the 4.9% levy increase for residential, commercial and industrial properties.

Questions/Discussion:

- For Community Service, do all early childhood funds come out of this levy money?
Response: No, only a portion comes from the levy.

V. PUBLIC HEARING

- Bob Zick – Why do TNT hearings take place after elections? The public should understand the consequences for them from incumbent officials. As home values increase that generates more revenue. You need to show real taxes in dollars not percentages.
- Kyla Williams – taxes have increased substantially in past two years. Why do property owners make up 44% of budget? I hear how bad schools are doing but do you really need more money every year. I feel part of my money is paying for other people's pensions and I may not be able to retire myself!! It is constant want, want, want.
- Rick Heller – make information more accessible to the public; the information needs to be accessible to the blind and print disabled (Twice Accessible). This economically disadvantages, minorities, ELL. This needs to be included in SPPS's World's Best Work Force Policy.

VI. ADJOURNMENT

Mr. Marchese moved the meeting adjourn, seconded by Mr. Brodrick. The motion passed by acclaim.

The meeting adjourned at 6:30 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
Marilyn Polsfuss
Assistant Clerk,
St. Paul Public Schools Board of Education