

INDEPENDENT SCHOOL DISTRICT NO. 625
Saint Paul, Minnesota
SPECIAL MEETING OF THE BOARD OF EDUCATION MEETING OF THE BOARD OF
EDUCATION
<https://spps.eduvision.tv/LiveEvents>

September 28, 2020
5:00 PM

A G E N D A

- I. CALL TO ORDER**
- II. ROLL CALL**
- III. APPROVAL OF THE ORDER OF THE MAIN AGENDA**
- IV. OLD BUSINESS**
 - A. Proposed Pay21 Levy
- V. NEW BUSINESS**
- VI. ADJOURNMENT**



Saint Paul
PUBLIC SCHOOLS

Proposed Pay21 Levy

Special Board of Education Meeting

Marie Schrul, Chief Financial Officer

September 28, 2020

Purpose

- To certify the proposed Pay21 Levy ceiling

September – “Setting the Ceiling”

- The Board of Education must certify a levy “ceiling” or “maximum” amount that the District can levy for
- Based upon calculations provided by MDE in early to mid-September
- Must be certified by September 30 and provided to Ramsey County and MDE
- Levy can only move down after October 1

The 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
- The Pay21 school levy funds the 2021-22 school year
- Levies contribute to approximately 22% of SPPS budget
- Levy can only move down after October 1

Planning Assumptions (staff estimates)

- All figures in this report are based on Administration's best estimates, using the statutory authorized amounts
- MDE provided updated Pay21 levy calculations on September 25
- MDE will continue to make adjustments to the SPPS numbers through September

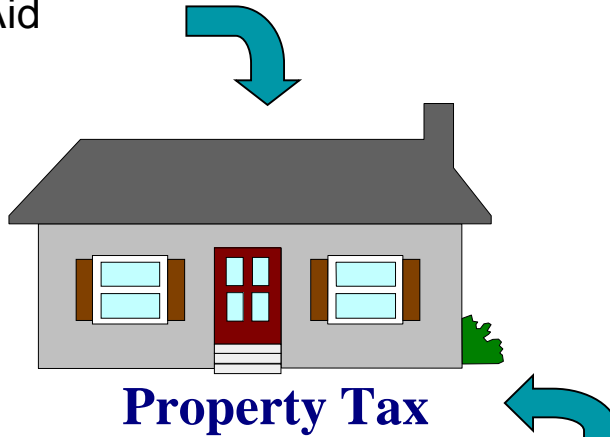
Factors Impacting 2021 School Levies

- Changes in tax base
- 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, bond refundings, abatements, long term maintenance, health and safety projects, lease costs

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

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Source: Ramsey County

Factors Impacting the St. Paul Levy

- Overall, St. Paul's estimated market values are up 8.6% from the prior year with values now \$5.86 billion above Pay 2008 Peak.
- Market values are increasing in the double digits for 26% of homes, 77% of apartments and 41% of commercial/industrial property
- Sunray/Battle Creek/Highwood, Greater East Side, West Side, Payne/Phalen, Como, 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 \$206,206.

Estimated Annual Property Tax Impact | Home from 2020 to 2021 (assuming a 8.0% increase in market value)

Estimated Home Market Value	Estimated Change at 4% Ceiling	Estimated Change at 5% Ceiling
\$ 75,000	\$10.30	\$13.20
100,000	24.34	28.96
215,800	41.96	54.69
300,000	54.16	72.80
400,000	69.26	94.91
500,000	58.36	90.52

Source: Ramsey County
Median home market value is \$215,800

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Estimated Annual Property Tax Impact | Commercial/Industrial from 2020 to 2021 (assuming a 4.9% increase in market value)

Estimated Commercial/Industrial Market Value	Estimated Change at 4% Ceiling	Estimated Change at 5% Ceiling
\$ 200,000	\$52.23	\$66.94
486,600	125.60	166.25
500,000	129.57	171.43
1,000,000	256.57	343.69

Source: Ramsey County

*Median commercial/industrial market value is \$486,600¹¹

Proposed Pay21 Levy Ceiling

Levy Category	Certified Pay20 Levy	SPPS Proposed Pay21 Levy Ceiling	Difference
Operating	\$71,690,325	\$74,495,142	\$2,804,817
Pension/OPEB/Contractual	37,860,071	43,190,748	5,330,677
Facilities	74,243,597	75,113,468	869,871
Community Service	<u>3,835,754</u>	<u>4,212,527</u>	<u>376,773</u>
Total - All Levy Categories	\$ 187,629,747	\$197,011,885	\$9,382,138
Percent Change			5%

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Levy Categories & Impact on Pay21 Levy

Levy Category	Certified Pay20 Levy	SPPS Proposed Pay21 Levy Ceiling	Difference
Operating			
<ul style="list-style-type: none"> Referendum* (based on pupil units & formulas, including inflation of 2.31%) For FY21, the Referendum funded 344 FTEs in schools & programs, in addition to PLTT 	\$52,052,767	\$53,610,539	\$1,557,772
<ul style="list-style-type: none"> Location Equity, Transition, Operating Capital, Integration, Safe Schools (based on pupil units & formulas) 	19,345,031	19,985,497	\$640,466
<ul style="list-style-type: none"> Career & Tech Ed (based on formula) 	1,393,871	1,337,306	(\$56,565)
<ul style="list-style-type: none"> Other Adjustments (TIF, Abatements) 	<u>(1,101,344)</u>	<u>(438,200)</u>	<u>\$663,144</u>
Total Operating	\$71,690,325	\$74,495,142	\$2,804,817

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*Referendum funding is based on levy and state aid formulas. The Referendum amount in this presentation is the levy amount. The total Referendum (levy + aid) is approximately \$60.7 million (as of 2020-21).

Levy Categories & Impact on Pay21 Levy

Levy Category	Certified Pay20 Levy	SPPS Proposed Pay21 Levy Ceiling	Difference
Pension/OPEB/Contractual			
• Re-employment	\$281,600	\$782,965	\$501,365
• Other Post Employment Benefits (OPEB)	19,245,537	22,178,401	2,932,864
• Pension/TRA	17,134,049	18,957,738	1,823,689
• Severance	<u>1,198,885</u>	<u>1,271,644</u>	<u>72,759</u>
Total Pension/OPEB/Contractual	\$37,860,071	\$43,190,748	\$5,330,677

Levy Categories & Impact on Pay21 Levy

Levy Category	Certified Pay20 Levy	SPPS Proposed Pay21 Levy Ceiling	Difference
Facilities			
• Long Term Facilities Maintenance (LTFM) Equalized & Un-equalized with Adjustments	\$25,074,332	\$24,159,699	(\$914,633)
• Building and Lease	1,716,077	1,716,438	361
• Debt Service (GO Bonds & Certificates of Participation)	47,347,603	48,868,400	1,520,797
• Abatement Adjustments	<u>105,585</u>	<u>368,931</u>	<u>263,346</u>
Total Facilities	\$74,243,597	\$75,113,468	\$869,871

Levy Categories & Impact on Pay21 Levy

Levy Category	Certified Pay20 Levy	SPPS Proposed Pay21 Levy Ceiling	Difference
Community Service			
• Basic Community Ed & Abatement Adjustments	\$2,084,548	\$2,241,048	\$156,500
• Early Childhood Family Education	927,050	914,749	(12,301)
• Home Visiting	35,821	38,383	2,562
• Disabled Adult	30,000	30,000	0
• School Age Care	<u>758,335</u>	<u>988,347</u>	<u>230,012</u>
Total Community Service	\$3,835,754	\$4,212,527	\$376,773

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Pay21 Levy Calendar

	Date	Action
X	August-early September	District submits levy information to MDE
X	September 8-9	MDE provides preliminary calculations
X	September 14	Special BOE Meeting - School Finance & Levy 101
X	September 22	BOE Meeting - Pay21 Levy Update
X	September 28	JPTAC (Joint Property Tax Advisory Committee) adopts joint advisory joint levy resolution
X	September 28	Special BOE Meeting - BOE sets ceiling for Pay21 levy
	September 30	SPPS provides Pay21 levy ceiling data to Ramsey County and MDE
	Beginning October 1	Ramsey County calculates taxes and prepares tax statements
	November 10 – 24	Ramsey County mails tax statements
	December 8	TNT Hearing - SPPS holds truth in taxation hearing (note: COB meeting that evening) *meeting may be held virtually*
	December 15	BOE meeting - BOE certifies Pay21 levy
	December 28	SPPS certifies Pay ¹⁷ 21 levy to Ramsey County

Requested Action

- To certify the Proposed Pay21 Levy ceiling as maximum
- To certify the date for the Taxation and Budget Hearing for December 8th at 6:00 p.m. (COB meeting that evening) and that this meeting may be held virtually



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Questions?