

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

**December 8, 2020  
6:00 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. Administration Presentation on the Pay21 Levy
- V. **PUBLIC HEARING**
- VI. **ADJOURNMENT**

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#BoldSubject#



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# Public Hearing on Proposed Pay21 Levy

Board of Education Meeting  
Marie Schrul, Chief Financial Officer  
December 8, 2020

# Purpose

- 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
- The notice provides information on estimated taxes as well as market value and other homestead adjustments



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# Levy Basics and Impacts

# 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

# Why Do School Boards Levy?

- To provide revenue that funds the operating costs for the school district which include: staff (salary and benefits), Other Post Employment Benefits & pension obligations, debt service, facilities projects including: health and safety, maintenance, and new construction
- Community education programs and other expenses
- Schools can only levy what is authorized by law

# 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 refunding, abatements, long term maintenance, health and safety projects, lease costs

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# Factors Impacting the St. Paul Levy

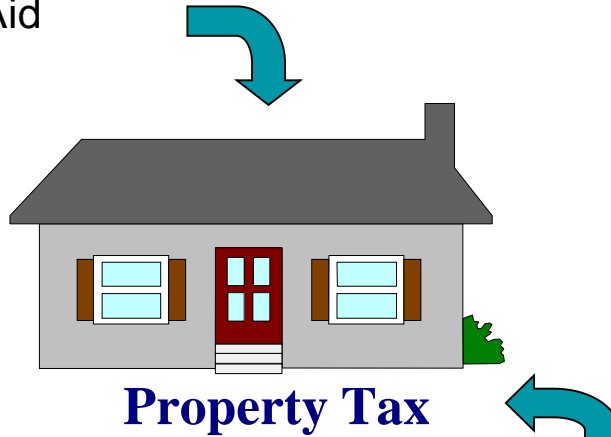
- Overall, St. Paul's estimated market values are up 8.6% from the prior year with values now \$5.86 billion above the Pay 2008 Peak
- Market values are increasing in the double digits for 26% of homes, 77% of apartments and 41% of commercial/industrial property
- Sunray/Battle Creek/Highwood, Greater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



# 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



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# Proposed Levy

# SPPS Levy Categories

- **Operating:** general levies that support school functions: including referendum, integration, operating capital, career/tech, transition, safe schools and abatement adjustments
- **Pension/Other Post Employment Benefits (OPEB)/Contractual Obligations**
- **Facilities:** includes health and safety, deferred maintenance, new construction and abatements
- **Community Service:** community education programs, learning readiness, after school, ECFE

# Proposed Pay21 Levy

Levy Category	Certified Pay20 Levy	SPPS Proposed Pay21 Levy	Difference
Operating	\$71,690,325	\$74,575,918	\$2,885,593
Pension/OPEB/Contractual	37,860,071	43,190,748	5,330,677
Facilities	74,243,597	74,609,061	365,464
Community Service	<u>3,835,754</u>	<u>4,212,527</u>	<u>376,773</u>
<b>Total - All Levy Categories</b>	<b>\$ 187,629,747</b>	<b>\$196,588,254</b>	<b>\$8,958,507</b>
<b>Percent Change</b>			<b>4.77%</b>

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# 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 4.77%
\$ 75,000	\$13.62
100,000	29.54
215,800	56.05
300,000	74.71
400,000	97.49
500,000	93.74

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 4.77%
\$ 200,000	\$65.37
486,600	161.67
500,000	166.94
1,000,000	334.45

Source: Ramsey County

\*Median commercial/industrial market value is \$486,600<sup>14</sup>

# 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
X	September 30	SPPS provides Pay21 levy ceiling data to Ramsey County and MDE
X	Beginning October 1	Ramsey County calculates taxes and prepares tax statements
X	November 10 – 24	Ramsey County mails tax statements
X	December 8	TNT Hearing - SPPS holds truth in taxation hearing (note: COB meeting that evening) *meeting held virtually*
	December 15	BOE meeting - BOE certifies Pay21 levy
	December 28	SPPS certifies Pay21 levy to Ramsey County



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# Board of Education Hears from the Public