

**INDEPENDENT SCHOOL DISTRICT NO. 625
Saint Paul, Minnesota
SPECIAL MEETING OF THE BOARD OF EDUCATION
Administration Building
360 Colborne Street**

**December 1, 2015
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 Pay 16 Levy
- V. PUBLIC HEARING**
- VI. ADJOURNMENT**

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Public Hearing on Proposed Pay16 Levy

Board of Education

Marie Schrul

Chief Financial Officer

December 1, 2015



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 (mailed on November 13 this year)
- The notice provides information on estimated taxes as well as market value and other homestead adjustments



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, the Pay16 school levy funds the 2016-2017 school year that will be adopted next June
- Based on last year, levies comprise 20% of school budget



What is Driving Levy Changes?

- Tax base growth results in less state aid for nearly all equalized levies—largest factor for operating category
- Statutory Pension contribution increase of \$1.6 million and OPEB increase of \$1.3 million
- Changes in Debt, and other Facility formulas, including \$15 million in bond sale and new long term facilities maintenance (LTFM) category
- Enrollment projection updates



SPPS Levy Categories



- **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, ECFE



Pay16 Levy Proposal



Levy Category	Certified Pay 15 Levy	Proposed Pay16 Levy	Difference
Operating	\$45,652,773	\$47,242,112	\$1,589,339
Pension/OPEB/Contractual	33,156,451	36,133,492	2,977,041
Facilities	54,161,940	54,572,087	410,147
Community Service	<u>3,435,950</u>	<u>3,260,938</u>	<u>(175,012)</u>
Total – All Levy Categories	\$136,407,114	\$141,208,630	\$4,801,515
Percent Change			3.52%



Estimated Annual Property Tax Impact

3.52% Levy Increase



(assuming a 4.5% increase in market value)

Home Estimated Market Value	Pay 2015 ISD 625 Property Taxes	Estimated Pay 2016 ISD 625 Property Taxes	Estimated Change in School Tax
75,000	282.21	295.82	13.61
100,000	417.65	444.75	27.10
151,500 [median]	715.07	755.37	40.30
200,000	995.25	1,048.17	52.92
300,000	1,572.84	1,651.59	78.75
400,000	2,150.44	2,255.01	104.57
500,000	2,703.10	2,825.16	122.06

This information is prepared by Ramsey County, Property Records and Revenue



Estimated Annual Property Tax Impact Commercial/Industrial 3.52% Levy Increase (assuming no change in market value)



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Commercial/Industrial Estimated Market Value	Pay 2015 ISD 625 Property Taxes	Estimated Pay 2016 ISD 625 Property Taxes	Estimated Change in School Tax
100,000	572.65	594.04	21.39
200,000	1,218.40	1,264.42	46.02
500,000	3,374.05	3,502.48	128.43
1,000,000	6,967.38	7,232.72	265.34

This information is prepared by Ramsey County, Property Records and Revenue



Q&A Review

Why do school boards levy?

- To provide revenue that helps fund cost of staff (salary and benefits), school supplies, OPEB & pension obligations, health and safety projects, facilities maintenance, debt service obligations and other expenses
- Schools can only levy what is authorized by law



Q&A Review



What factors impact school levies?

- Changes in tax base
- Legislative changes to formulas and equalization factors
- Pension contribution changes required by law
- 11 • Capital bonding, refunding of bonds, abatements, health and safety projects, lease costs
- Employment changes that drive severance and unemployment levies
- OPEB obligations
- Fiscal disparities & Tax increment financing (TIF) changes



Pay 16 Levy Calendar



	Date	Action
✓	August-early September	District submits levy information to MDE
✓	September 7	MDE provides preliminary calculations
✓	September 8	COB discusses Pay16 levy
✓	September 22	BOE sets ceiling for Pay16 levy
✓	September 28	JPTAC (Joint Property Tax Advisory Committee) adopts joint levy
✓	September 30	SPPS provides Pay16 levy ceiling data to Ramsey County and MDE
✓	October 1 – November 15	Ramsey County calculates taxes and prepares tax statements
✓	November 13 estimated	Ramsey County mails tax statements
	December 1	SPPS holds public hearing
	December 15	BOE certifies Pay16 levy
	December 31	SPPS certifies Pay16 levy to Ramsey County

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Board of Education Hears from the Public