

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

**September 24, 2013
7:00 PM**

A G E N D A

- I. CALL TO ORDER**
- II. ROLL CALL**
- III. APPROVAL OF THE ORDER OF THE AGENDA**
- IV. NEW BUSINESS**
 - A. Report on Pay 14 Levy Status
 - B. Action to Approve Maximum Ceiling for Pay 14 Levy
- V. ADJOURNMENT**

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Proposed Pay14 Levy

Board of Education

Marie Schrul

Controller

September 24, 2013



Recommendation



That the BOE adopt a ceiling for the Pay14 levy maximum allowed by the state not to exceed 1% over Pay13 levy



Planning Assumptions

(staff estimate)



- All figures in this report are based on Administration's best estimates, using the statutory authorized amounts and latest MDE runs
- MDE continues to make adjustments to the SPPS numbers



Levy Process



- MDE provided first calculation of district levy Monday, September 9 and continues to update calculations
- Board must set maximum levy ceiling by September 30th
 - Final levy may not go up, only down.
- JPTAC meeting September 30th to adopt joint levy
- Public hearing in December 3rd at 6pm
- Final Pay14 levy approval at BOE on December 17th

Reminder: Levy is composed of multiple interdependent parts and Ramsey County is responsible for calculating taxes.



Factors in Levy



Factors that help reduce taxes

- The K-12 and Tax bills included more equalization for the first tier referendum and portion of LEI (Location Equity Index)
- Fiscal disparities distribution increased
- Federal credits on qualified bonds helped reduce debt service



Factors in Levy



Major factors help increase levy include:

- Introduction of “Pay Go” financing for alternatives facilities (deferred maintenance) (move from financing to paying cash)
- Reestablishment of new gen ed levy (student achievement levy)
- OPEB
- Pension contributions (required by law)
- Safe Schools levy



Alternative Facilities

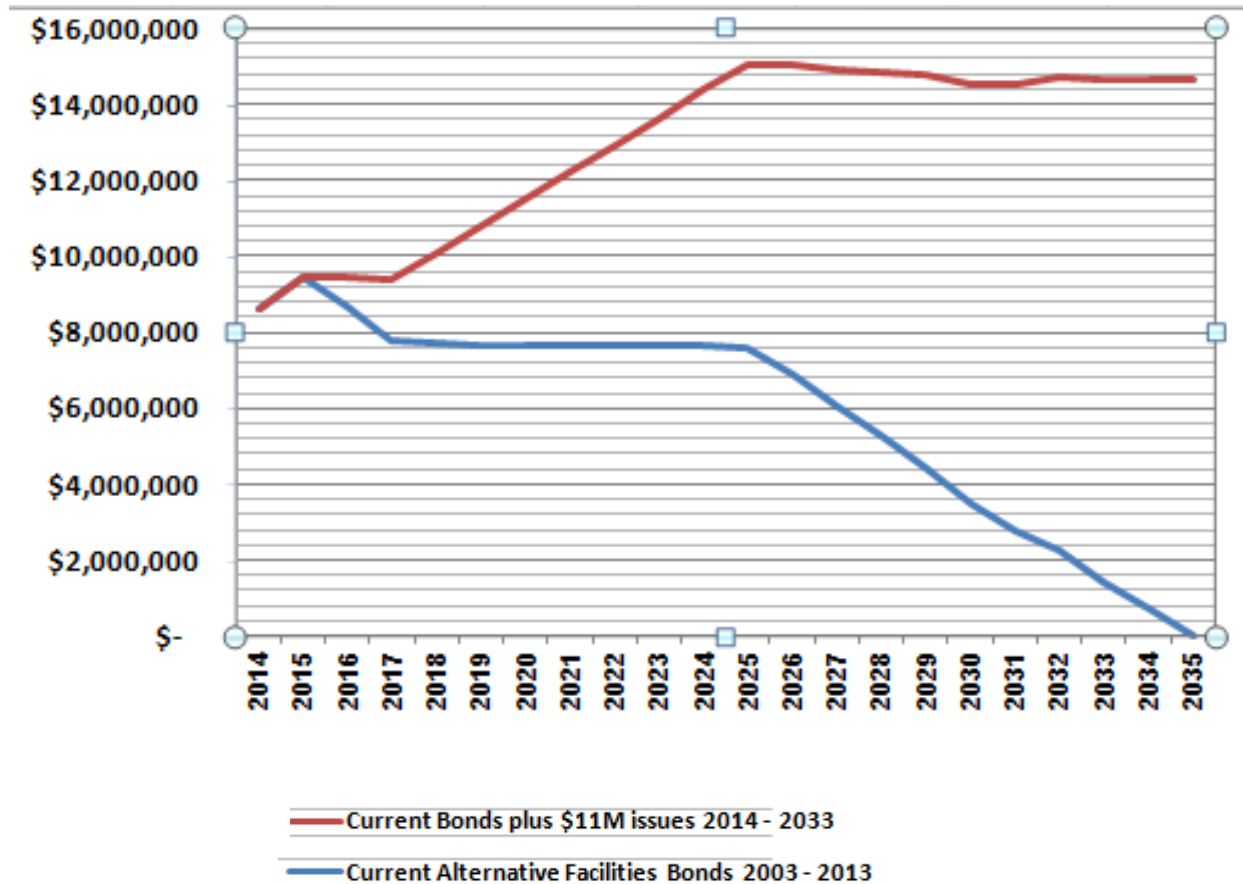
(Deferred Maintenance Funding)



- District may sell bonds or “pay as you go” under alternative facilities (deferred maintenance) program
- Transition to “pay go” saves taxpayers by reducing:
 - Legal and issuance costs and arbitrage of selling bonds – estimated savings over ten years \$.5 million
 - Interest payments over life of bonds - 10 year estimate is \$18.0 million
- Reduces total district’s debt amount in future years
- Results in reducing debt service levy for alternative facilities in future years –see graph



Alternative Facilities Portion of Debt Service Levy





2013 Legislative Referendum Action



- 2013 State Legislature made changes to the referendum levy system calculations
- Under old calculations referendum was \$43.5 million
- Under new calculations referendum is \$43.5 million
- Bottom line for SPPS – no change in total referendum amount but will provide additional tax relief
- Referendum and LEI remain based on market value (all properties are taxed at same rate using market value)



New Referendum Calculation



| Description | Amount |
|------------------------------------------------------------------|-------------------------|
| Old Law- (includes charter and open enrollment pupils) | \$835 per pupil |
| New Law—excludes charters and open enrollment and weight changes | \$967 per pupil |
| Location Equity Revenue (LER) is then subtracted from amount | \$424 per pupil |
| Estimated new referendum | \$ 543 per pupil |
| (Referendum + LEI) X pupil unit = | \$43.5 million for SPPS |



Other information



- Does not include transition of \$300 from voter approved to board approved levy. This does not impact equalization—no impact on tax payers.



Proposed Pay14 Levy Ceiling



| | Certified Pay13 | Proposed Ceiling Pay14 Levy | Difference |
|---------------------------|----------------------|-----------------------------|--------------------|
| General Fund Levy | \$86,417,736 | \$91,283,192 | \$4,865,456 |
| Community Ed Levy | 3,449,244 | 3,446,145 | -3,099 |
| Debt Service Levy | 43,852,360 | 40,327,196 | -3,525,164 |
| Total – All Levies | \$133,719,340 | \$135,056,533 | \$1,337,193 |
| Percent Change | | | 1.0% |



Estimated Property Tax Impact Assuming 1% Ceiling



Median

| Home Estimated Market Value | Pay 2013 ISD 625 Property Taxes | Estimated Pay 2014 ISD 625 Property Taxes | Estimated Change in School Tax |
|-----------------------------|---------------------------------|-------------------------------------------|--------------------------------|
| 75,000 | 336.96 | 313.37 | (23.59) |
| 100,000 | 499.16 | 473.05 | (26.11) |
| 130,500 | 699.18 | 670.23 | (28.95) |
| 200,000 | 1,155.58 | 1,119.89 | (35.69) |
| 300,000 | 1,811.99 | 1,767.38 | (44.61) |
| 400,000 | 2,468.41 | 2,414.54 | (53.87) |
| 500,000 | 3,091.85 | 3,025.2 | (66.65) |

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

This assumes no increase in market value

Net levy for impact for schools (includes all calculations) appear on TNT notice



Recommendation



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Questions