

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

**December 4, 2018
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 Pay18 Levy
- V. PUBLIC HEARING**
- VI. ADJOURNMENT**

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Public Hearing on Proposed Pay19 Levy

Board of Education

Marie Schrul
Chief Financial Officer
December 4, 2018



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



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, Pay19 school levy funds the 2019-2020 school year
- Levies are approximately 20% of SPPS budget
- Levy can only move down after October 1



Why Do School Boards Levy?

- To provide revenue that funds the cost of staff (salary and benefits), OPEB & 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 St. Paul Levy



- Overall estimated market values are up 7.1% from prior year
- Double digit increases for a number of commercial, industrial and apartment properties
- Residential more moderate—areas of higher increases: Thomas/Dale, North End, Greater East Side, West 7th
- School portion of fiscal disparities aid increasing \$449,739 or 1.4%
- Changes to St. Paul Right of Way (ROW)/Street maintenance program



Factors Impacting School Levies



- Changes in pupil counts
- Legislative changes to education formulas
- Referendum inflationary increase
- Voter approved Referendum on 11/6/2018
- Pension contribution changes required by law
- OPEB obligations
- Employment changes that drive severance and unemployment levies
- Capital bonding, refunding of bonds, abatements, long term maintenance, health and safety projects, lease levy changes



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 Pay19 Annual School Levy

(excluding voter-approved Referendum increase on 11/6)



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Levy Category	Certified Pay18 Levy	Proposed Pay19 Annual School Levy (excluding the voter-approved Referendum increase)	Difference
Operating	\$50,250,404	\$53,967,603	\$3,717,199
Pension/OPEB/Contractual	38,930,211	39,544,458	614,247
Facilities	62,657,568	64,258,911	1,601,343
Community Service	<u>3,626,763</u>	<u>3,779,160</u>	<u>152,397</u>
Total – All Levy Categories	\$155,464,946	\$161,550,132	\$6,085,186
Percent Change			3.91%



Proposed Pay19 Levy for Final Certification

(including voter-approved Referendum increase on 11/6)



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Levy Category	Certified Pay18 Levy	Proposed Pay19 Levy for Final Certification on 12/18	Difference
Operating	\$50,250,404	\$ 71,112,468*	\$ 20,862,064*
Pension/OPEB/Contractual	38,930,211	39,544,458	614,247
Facilities	62,657,568	64,258,911	1,601,343
Community Service	<u>3,626,763</u>	<u>3,779,160</u>	<u>152,397</u>
Total – All Levy Categories	\$155,464,946	\$ 178,694,997	\$ 23,230,051
Percent Change			14.94%

*The SPPS Proposed Pay19 Levy amount for final certification includes the Operating Referendum Levy increase that was approved by voters on November 6, 2018.



Estimated Annual Property Tax Impact from 2018 to 2019



Assuming a 0% Increase in Market Value

Home Estimated Market Value	Estimated change at 3.91% levy increase without School Referendum	Estimated change at 14.94% levy increase with School Referendum
\$75,000	\$ (5.25)	\$ 45.15
100,000	(9.41)	57.82
186,200	(24.10)	101.21
200,000	(26.47)	108.13
300,000	(43.53)	158.44
400,000	(60.57)	208.76
500,000	(76.03)	260.64

Source: Ramsey County

Median home market value is \$186,200

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Estimated Annual Property Tax Impact Home from 2018 to 2019 Assuming a 7.1% Increase in Market Value



Home Estimated Market Value	Estimated change at 3.91% levy increase without School Referendum	Estimated change at 14.94% levy increase with School Referendum
\$75,000	\$ 13.21	\$ 63.61
100,000	27.61	94.84
186,200	44.81	170.12
200,000	48.09	182.69
300,000	68.05	270.02
400,000	88.02	357.35
500,000	97.86	434.53

Source: Ramsey County. The median home market value is \$186,200.

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Estimated Annual Property Tax Impact Commercial/Industrial from 2018 to 2019



Assuming a 6.1% Increase in Market Value

Commercial/ Industrial Estimated Market Value	Estimated change at 3.91% levy increase without School Referendum	Estimated change at 14.94% levy increase with School Referendum
200,000	\$ (34.82)	\$ 109.48
495,450*	(107.36)	253.75
500,000	(108.09)	255.72
1,000,000	(230.29)	500.28

Source: Ramsey County

*Median commercial/industrial market value is \$495,450



achievement



Pay 19 Levy Calendar

	Date	Action
X	August-early Sept	District submits levy information to MDE
X	September 7	MDE provides preliminary calculations
X	September 11	COB discusses Pay19 levy
X	September 18	Pay19 Levy Update to BOE
X	September 24	JPTAC (Joint Property Tax Advisory Committee) adopts joint levy resolution
X	September 25	BOE to set Pay19 levy ceiling (Special BOE meeting at 6pm)
X	October 1	SPPS provides Pay19 levy ceiling data to Ramsey County and MDE.
X	Oct 7– Oct 22	SPPS mails notice of referendum to each taxpayer in the district
X	November 6	General Election/Operating Levy (Referendum) increase vote
X	November 7	MDE adjusts the Pay19 levy ceiling based on Nov 6 election results
X	Oct 1– Nov 10	Ramsey County calculates taxes and prepares tax statements
X	November 15	Anticipated Ramsey County mailing of tax statements
	December 4	TNT Public Hearing at 6:00 p.m. & COB Meeting
	December 18	BOE certifies Pay19 levy
	December 28	SPPS certifies Pay19 levy to Ramsey County

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Board of Education Hears from the Public

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