



# Levy Scenarios

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School Board Work Session  
May 17, 2021

# Purpose of Tonight's Discussion

Provide information to help with future decision-making:

- Reality Check
- Review funding needs
- Consider referendum scenarios
- Explore financing options

## Future decision points:

By this summer, the board will need to determine:

- What is included in referendum
- Number of ballot questions
- Total amount of referendum request
- How new funding will be invested

# Reality Check

We spend less per student than districts in the seven county metro area:

- Seven County Metro Area Average:  
**\$16,285/student**
- Stillwater Area Public Schools:  
**\$15,469/student**

*Source: School District Profiles, 2019*



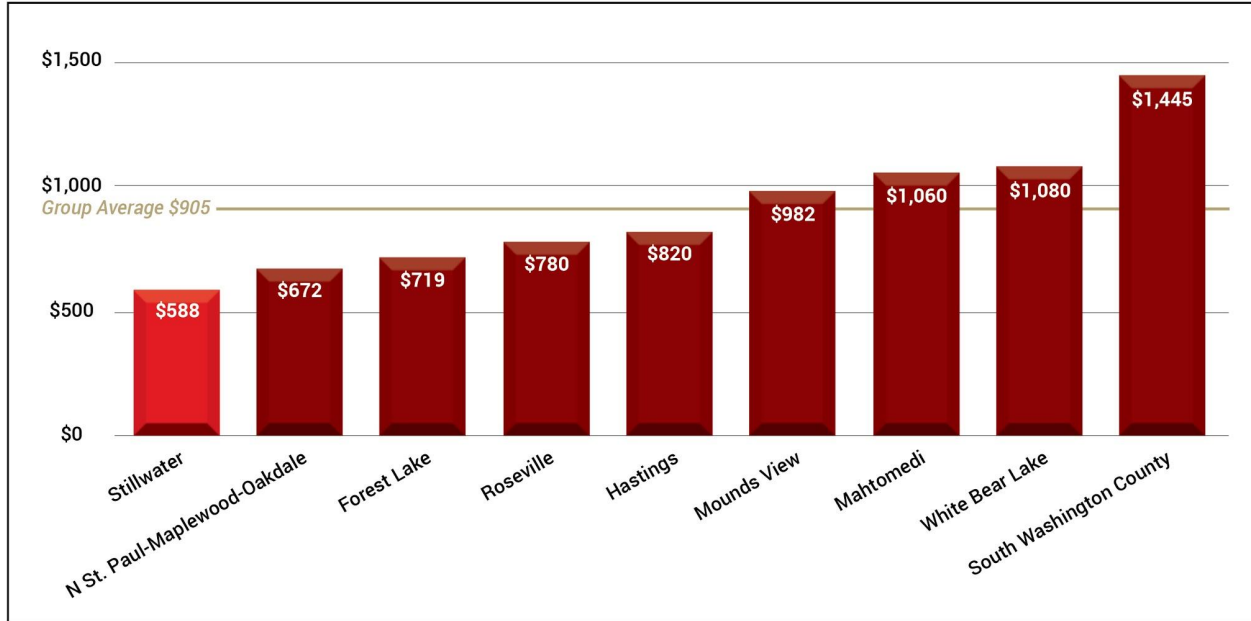
- We are one of only a few districts in the metro without a dedicated source of funding for technology.
  - Most districts have a Tech Levy that pays for computers, infrastructure and technology staff.
- We've cut our budget 3 times (totaling \$7 million) since the levy was approved in 2013.

## Key Takeaways:

- We operate a very lean district
- Some things considered basic in other districts are not offered here
- We have little "extra" left to cut

# Stillwater Area Public Schools, ISD 834

Estimated Voter Approved School Property Taxes, Payable 2021, \$350,000 Residential Homestead



Tax Base Source: Final values from Washington, Dakota and Ramsey Counties.

Levy Source: Taxes Payable 2021 Levy Certification Reports for voter approved operating referendum, capital project levy and debt only

# Addressing Our Funding Needs

*Renewing isn't enough:*  
**REPLACE** expiring levy

**\$13 to \$14 million**

Address ongoing budget shortfall:

- Inflation
- Rising costs
- State funding shortfall
- Unfunded mandates

# Options to Expand Opportunities

If the board chose to ask for a larger levy increase, new dollars might be used to invest in programming such as:

- High school schedule to support Career Pathways = \$1.8 million
- Academic support and intervention = \$1.3 million
- Mental Health support = \$550,000



**Stillwater**

AREA PUBLIC SCHOOLS

# Additional Need: 1:1 Technology

## \$4.7 million technology levy

- Support a 1:1 technology program
- Pay for a variety of tech-related expenses currently paid from the general fund, including:
  - Devices
  - Infrastructure
  - Staff

**A capital projects/technology levy is funded differently than operating levy, with less impact on homeowners**

# Reinvesting In Our Students

A tech levy would free up dollars from our General Fund, which could be used to fully support current programs and initiatives like:

- Career Pathways staffing
- Language Immersion to middle school
- Curriculum and instruction
- School supports
- Transportation (ex. activity buses, boundary changes, etc.)





## Stillwater Area Public Schools. ISD 834

May 11, 2021

Q1: Renewal of Existing Operating Referendum Authority, Q2: \$4.7 million Capital Project Levy

Ballot Questions	Question 1			Question 2	Net Change All Questions
	Operating Referendum Renewal			Capital Project Levy	
Year Taxes are Payable	2021	2022	2022	2022	2022
	Expiring Authority	Renewed Authority	Net Change	New Authority	
Estimated Adjusted Pupil Units (APU)	9,369.20	9,429.80	60.60		
Revenue per Pupil Unit	-\$1,297.45	\$1,297.45	\$0.00		
Estimated Change in Operating Referendum Levy	-\$12,156,069	\$12,234,694	\$78,625	\$4,700,000	\$4,778,625

Type of Property	Estimated Market Value	Estimated Annual Tax Impact		Estimated Change in Annual Tax Payable in 2022*		
Residential Homestead	350,000	-\$365	\$359	-6	138	132

\* The amounts in the table are based on school district taxes for the Operating Referendum and Capital Project Levy only, and do not include tax levies for other purposes. Tax changes shown above are gross changes, not including the impact of the state Property Tax Refund ("Circuit Breaker") program. Homestead Credit Refund ("Circuit Breaker") program. Many owners of homestead property will qualify for a refund, based on their income and total property taxes. This will decrease the net tax increase for many property owners.

**Stillwater Area Public Schools, ISD 834**

May 11, 2021

Q1: Increase Operating Referendum Authority to Statutory Cap Amount, Q2: \$4.7 million Capital Project Levy

Ballot Questions	Question 1			Question 2	Net Change All Questions
	Operating Referendum Increase to Statutory Cap Amount			Capital Project Levy	
Year Taxes are Payable	2021	2022	2022	2022	2022
	Expiring Authority	New Authority	Net Change	New Authority	
Estimated Adjusted Pupil Units (APU)	9,369.20	9,429.80	60.60		
Revenue per Pupil Unit	-\$1,297.45	\$1,867.88	\$570.43		
Estimated Change in Revenue	-\$12,156,069	\$17,613,735	\$5,457,666	\$4,700,000	\$10,157,666

Type of Property	Estimated Market Value	Estimated Annual Tax Impact		Estimated Change in Annual Tax Payable in 2022*		
Residential Homestead	350,000	-\$365	\$528	163	138	301

\* The amounts in the table are based on school district taxes for the Operating Referendum and Capital Project Levy only, and do not include tax levies for other purposes. Tax changes shown above are gross changes, not including the impact of the state Property Tax Refund ("Circuit Breaker") program. Homestead Credit Refund ("Circuit Breaker") program. Many owners of homestead property will qualify for a refund, based on their income and total property taxes. This will decrease the net tax increase for many property owners.



## Stillwater Area Public Schools, ISD 834

May 11, 2021

**Increase Operating Referendum Authority to a Level that  
Results in a Tax Impact of \$140 Annually on an Average Home**

Ballot Question	Question 1		
	Operating Referendum Increase		
Year Taxes are Payable	2021	2022	2022
	Expiring Authority	New Authority	Net Change
Estimated Adjusted Pupil Units (APU)	9,369.20	9,429.80	60.60
Revenue per Pupil Unit	-\$1,297.45	\$1,789.65	\$492.20
Estimated Change in Revenue	-\$12,156,069	\$16,876,021	\$4,719,952

Type of Property	Estimated Market Value	Estimated Annual Tax Impact	
Residential Homestead	350,000	-\$365	\$505
			140

\* The amounts in the table are based on school district taxes for the Operating Referendum only, and do not include tax levies for other purposes. Tax changes shown above are gross changes, not including the impact of the state Property Tax Refund ("Circuit Breaker") program. Homestead Credit Refund ("Circuit Breaker") program. Many owners of homestead property will qualify for a refund, based on their income and total property taxes. This will decrease the net tax increase for many property owners.



## Stillwater Area Public Schools, ISD 834

May 11, 2021

Q1: Increase Operating Referendum Revenue by Additional \$2 million, Q2: \$4.7 million Capital Project Levy

Ballot Questions	Question 1			Question 2	Net Change All Questions
	Operating Referendum Increase of \$2 million			Capital Project Levy	
Year Taxes are Payable	2021	2022	2022	2022	2022
	Expiring Authority	Renewed Authority	Net Change	New Authority	
Estimated Adjusted Pupil Units (APU)	9,369.20	9,429.80	60.60		
Revenue per Pupil Unit	-\$1,297.45	\$1,509.54	\$212.09		
Estimated Change in Revenue	-\$12,156,069	\$14,234,694	\$2,078,625	\$4,700,000	\$6,778,625

Type of Property	Estimated Market Value	Estimated Annual Tax Impact		Estimated Change in Annual Tax Payable in 2022*		
Residential Homestead	350,000	-\$365	\$422	57	138	195

\* The amounts in the table are based on school district taxes for the Operating Referendum and Capital Project Levy only, and do not include tax levies for other purposes. Tax changes shown above are gross changes, not including the impact of the state Property Tax Refund ("Circuit Breaker") program. Homestead Credit Refund ("Circuit Breaker") program. Many owners of homestead property will qualify for a refund, based on their income and total property taxes. This will decrease the net tax increase for many property owners.



## Alternative: Reduce other levies

### Stillwater Area Public Schools. ISD 834

May 13, 2021

Q1: Increase Operating Referendum Revenue by Additional \$2 million, Q2: \$4.7 million Capital Project Levy  
Includes Tax Impact of Brookview Addition Lease Payment, and Reductions in Other Levies

Ballot Questions	Question 1			Question 2	Brookview Addition Lease (COPs)	Reductions in Other Levies**	Net Change All Questions
	Operating Referendum Increase of \$2 million			Capital Project Levy			
Year Taxes are Payable	2021	2022	2022	2022	2022	2022	2022
	Expiring Authority	Renewed Authority	Net Change	New Authority	Sale Results	Existing Levy Authority	
Estimated Adjusted Pupil Units (APU)	9,369.20	9,429.80	60.60				
Revenue per Pupil Unit	-\$1,297.45	\$1,509.54	\$212.09				
Estimated Change in Revenue	-\$12,156,069	\$14,234,694	\$2,078,625	\$4,700,000	\$534,300		

Type of Property	Estimated Market Value	Estimated Annual Tax Impact		Estimated Change in Annual Tax Payable in 2022*				
Residential Homestead	350,000	-\$365	\$422	57	138	16	-90	121

\* The amounts in the table are based on school district taxes for the Operating Referendum, Capital Project Levy and other debt levies only, and do not include tax levies for other purposes. Tax changes shown above are gross changes, not including the impact of the state Property Tax Refund ("Circuit Breaker") program. Homestead Credit Refund ("Circuit Breaker") program. Many owners of homestead property will qualify for a refund, based on their income and total property taxes. This will decrease the net tax increase for many property owners.

\*\* If the proposed ballot questions are approved by voters, the district intends to make reductions in other tax levies payable in 2022, which will result in a net reduction in taxes paid as shown in this column. The intent of these reductions is to offset a portion of the tax increases from the proposed ballot questions.



# Options to Reduce Tax Impact

- Ehlers uses a comprehensive long term financial planning model which allows districts to provide predictability in future capital levies
- Tax increases due to voter approved levies (operating referendum, capital project levy or bonds) can be offset by reductions in annual Facilities Maintenance levies
- Issuing Facilities Maintenance bonds allows financing of same projects while reducing the levy



# Grandfathered Alternative Facilities Districts

- Minnesota school districts are eligible for \$380 per pupil for any deferred maintenance and health and safety projects
- 26 districts (including Stillwater) are “grandfathered” into a special facilities maintenance program that doesn’t limit funding to \$380 per pupil
- Nearly all grandfathered districts build predictability into their ongoing levy using a mix of annual levies and bond proceeds



# Benefits

- Levy management / predictability
- Reduce levy adjustments
  - ✓ Due to MDE financial management and accounting practices, annual general fund revenue must match annual expenses, if it is above \$380 per pupil
    - \$3m negative Pay 2022 adjustment due to actual costs not equaling initial levy amount
  - ✓ Bond proceeds may be carried forward for future costs without levy adjustments
- Bond payments spread taxpayer costs over a term that more closely aligns with the useful life of the improvements



# Board Discussion

What are board members thinking in terms of November referendum?

- Number of questions
- What funding mechanism will be used?
- Total amount of referendum request

What additional information is needed to help in decision-making?