

School Board Meeting/Workshop:

May 13, 2019

Subject:

Resolution Authorizing a New Board Approved Referendum Authority

Presenter:

**Gary Kawlewski, Director
Finance and Operations**

SUGGESTED SCHOOL BOARD ACTION: Discussion only

DESCRIPTION:

The 2013 Legislature gave school boards the authority to convert up to \$300 per adjusted pupil unit of voter approved referendum authority to board-approved authority for fiscal 2015 and beyond. This authority can be renewed every 5 years. The board approved the first 5-year renewal at the May 29, 2018 board meeting.

At the time of the original board-approved authority, we had two approved operating referendum questions in the amounts of \$110.55 (expires with the 2021 levy) and \$379.44 (expires with the 2023 levy) totaling \$489.99. MDE converted this total to \$543.87 per adjusted pupil unit with the change in the pupil unit weighting factors. MDE, then, reduced the new amount of \$543.87 by \$424 per adjusted pupil unit for the newly created Location Equity Revenue authority. A later law change renamed LER to Local Option Revenue. That subtraction of LOR left \$119.87 in total for both of the remaining authorities of the original \$489.99 operating referendum amounts of voter approved operating referendum. The board, through the new law change, was able to add \$180.13 of additional board authority to the remaining \$119.87 to get to the maximum amount of \$300 per pupil of authority.

The first operating referendum authority of \$110.55 expires with the payable 2021 levy. MDE has recalculated the original amount of \$110.55 of voter-approved to \$113.68 per pupil. When this amount expires, we have the ability to convert the full amount to board approved authority within one year of the expiration of the authority for payable 2021 since we will still be above the \$424 minimum threshold for Local Option Revenue ($\$543.87 - \$113.68 = \$430.19$). We can approve this authority for a three-year period.

The attached resolution prepared by Ehlers will allow us to convert the existing \$113.68 per adjusted pupil unit pursuant to Minnesota Statutes, Section 126C.17, Subd. 9a. The resolution would authorize the authority for a 3-year period beginning with taxes payable in 2021. We will ask the board would to renew this authority for another 5-year period along with the current board approved authority of \$180.13 in calendar year 2023 for the 2023 payable 2024 levy.

We would look to convert the remaining voter-approved amount of \$6.19 (\$430.19-\$424.00) to board authority in a similar fashion in calendar year 2023. We would add this authority to the five-year renewal cycle at that time.

There is no new tax impact for the authorization of the new board-approved referendum. The use of the funds would continue to be targeted towards the Board's goals of reduced class sizes and continuing to meet the district's ongoing needs for technology, curriculum, and buildings and grounds needs.

The House, Senate, and Governor's bills in the current legislative session all include a provision that would roll all of the \$300 into Local Option Revenue. This law change would eliminate the need to adopt this resolution now and in the future. We will monitor the final legislation and determine the need to approve this authority by the May board meeting.

ATTACHMENT(S):

- Resolution Authorizing a New Board Approved Referendum Authority