



TO: School Board Members

FROM: Peter Olson-Skog, Superintendent

DATE: August 24, 2026

SUBJECT: Referendum Update: Community Information Timeline and the Permanent School Fund Amendment

BACKGROUND

Two school funding questions will appear on the November 3, 2026 ballot: School District 197's capital project levy and a statewide constitutional amendment related to Minnesota's Permanent School Fund.

Because both questions concern school funding, this update provides context on the district's local need, the Permanent School Fund amendment, and the distinction between the two questions.

LOCAL REFERENDUM: WHY THE DISTRICT IS ASKING

The district continues to face a structural budget gap. Costs to operate our schools are increasing by approximately 3% annually, while ongoing revenue has typically grown closer to 1%. This creates an annual gap of approximately \$2 million that compounds over time.

The district has responded first by reducing its own budget. Over the past two years, \$3.2 million has been reduced, including \$2.55 million for the 2026–27 school year. Nearly all of those reductions are ongoing structural changes rather than one-time measures.

The reductions that can be made away from the classroom are now largely behind us. Without additional ongoing revenue, future reductions would increasingly affect students through areas such as staffing, class sizes and caseloads, programming, and transportation. No specific future reductions have been determined; any such decisions would occur through the regular public budget process.

The capital project levy would provide approximately \$4.6 million annually for 10 years. It would support existing costs such as textbooks, safety and security, technology, utilities, and transportation. It does not build new facilities or create new programs.

COMMUNITY INFORMATION TIMELINE

The district's referendum information timeline is proceeding as previously presented to the Board. Three public town halls are scheduled:

- September 16, 8-10 a.m. — District Office
- September 30, 4-6 p.m. — District Office
- October 29, 5-7 p.m. — Thompson Park Activity Center

Early voting begins September 18, and Election Day is November 3.

Additional information, including the sample ballot, budget materials, and a property tax calculator, is available at isd197.org/vote2026. Questions may be sent to levy@isd197.org

PERMANENT SCHOOL FUND AMENDMENT

The Permanent School Fund is a longstanding statewide education trust that already provides funding to Minnesota public schools. The proposed constitutional amendment would change how much of the fund is distributed to schools each year. It does **not** create a new tax or a new revenue source.

If approved, the change is expected to provide somewhat more funding to Minnesota schools beginning in 2027 while continuing to preserve the fund for future generations.

For District 197, the estimated increase is approximately ****0.2% of annual revenue****. That funding would help, but it represents only a small portion of the district's ongoing structural budget gap.

TWO QUESTIONS, ONE BALLOT

The Permanent School Fund amendment and the capital project levy are separate questions.

- **The amendment is statewide; the levy is local.** Every Minnesota voter will decide the amendment. Only voters in School District 197 will decide the levy.
- **The amendment creates no new individual income or property tax; the local levy would increase property taxes.**
- **The scale is different.** The Permanent School Fund amendment would provide a small increase in district revenue. The capital project levy would provide approximately \$4.6 million annually to address the district's structural budget needs.
- **The voting rules are different.** For a constitutional amendment, a blank on the question effectively counts as a "No." For the local levy, a blank is not counted either way.

The two questions are not alternatives. Passage of the statewide amendment would not eliminate the district's need to address its ongoing structural budget gap.

SUMMARY

The district has already made significant ongoing reductions, but costs continue to grow faster than revenue. The local capital project levy is intended to address that structural gap and reduce the need for additional cuts that would increasingly affect students.

The Permanent School Fund amendment is a separate statewide question that could provide District 197 with a modest amount of additional revenue, but it would not resolve the district's budget challenge or replace the local levy.

The district provides information. Voters make the decision.

RECOMMENDED RESOLUTION

For informational purposes only, no resolution needed.