

School Board Meeting:

August 24, 2015

Subject:

Levy Process and Timelines

Presenter:

Gary Kawlewski

SUGGESTED SCHOOL BOARD ACTION: None at this time-informational only

DESCRIPTION: The levy process for the 2015 Payable 2016 levy cycle remains largely the same as it was for 2014 Payable 2015. We will be required to adopt the proposed levy by September 30, 2015 and will do so at the September 28, 2015 board meeting. We will also need to notify both county auditors of the date for our Truth in Taxation hearing by September 30, 2015.

As was the case the last several years, the Truth in Taxation meeting will be held as part of a regular board meeting and the final levy will be adopted at the same meeting. Currently, we are scheduled to host our Truth in Taxation meeting on December 14, 2015.

The two biggest changes to the levy this year are the alternative compensation (Q Comp) program and the new Long-Term Facilities Maintenance Revenue program set up in the 2015 legislation.

Q comp was in play last year on a preliminary approval basis for levy purposes but was ultimately not approved. It was approved for the 2015-16 fiscal year and will now be on the upcoming levy. It will also contain a catch-up levy to cover the levy for the 15-16 school year since we were approved for the program after the levy for the 2015-16 fiscal year was set.

The Long-Term Facilities Maintenance (LTFM) revenue program helps to resolve a long-standing inequity in school funding. Now, smaller districts will have access to an equalized funding stream that can be used to pay for deferred maintenance projects, health and safety projects, or disabled access barrier removal projects. Only the largest districts in the state had access to this type of program through what was known as the Alternative Facilities Revenue Program. The LTFM program generates revenue starting in fiscal year 2016-17 and the levy begins with the 15 payable 16 tax levy. This program replaces the current health and safety program and deferred maintenance revenue program which will both sunset at the end of the 2015-16 fiscal year. Based on preliminary calculations, this could provide an additional \$600,000 for FY 2017. Current estimates show that the total would increase by over \$500,000 for each of the next two years after that and hold at about \$1,500,000 in additional funding per year by the end of the third year as shown on the attached document. We are required to develop a 10-year plan of expenditures that will need to be approved by the board prior to the adoption of the preliminary. A draft of that document is attached for discussion purposes at this time. The current draft contains ongoing items such as health and safety, maintenance costs that occur on an ongoing basis, preventative maintenance

programs, items that didn't make the final bond issue but are still deemed as necessary, other items that have come up since the passage of the bond issue, and other items that we know will come up over the next ten years.

As always, we will look to manage the tax impact to our taxpayers yet still try to maximize our revenue to provide the best educational programs and facilities for our students, staff, and public. We will, again, ask you to approve the "maximum" levy in September as has been the past practice. This allows the final levy corrections to be made by the Minnesota Department of Education that may not be done in time to approve the levy on September 28.

ATTACHMENT(S):

- LTFM Tax Impact Estimate 8.17.15
- 10-Year Plan Expenditure Submission 8.13.15