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LEADERS IN PUBLIC FINANCE

Operating Referendum: Background Information and Trends

Long Prairie-Grey Eagle Public Schools

ISD No. 2753

October 19, 2015



What is an Operating Referendum?

- Election ballot question
- Allows districts to generate additional revenue
- Revenue is provided through a combination of local property tax levies and state aid
- Revenue may be used for any operating or capital expenses (e.g. staff salaries/benefits, utilities, supplies, technology)



Proposed Operating Referendum

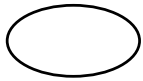
- Additional \$209.24 per pupil
 - Existing voter-approved authority estimated at \$550.76
 - Total new authority would be \$760.00 per pupil
 - Maximum authority is \$1,902.00 per pupil
- Additional revenue of approximately \$200,000
- Maximizes aid from the State
 - \$70,000 of the new revenue would come from the State
 - Effective with taxes payable in 2017 for term of 10 years
 - Coincides with reduction in debt service levy (Bonds originally issued in 1996 will be paid off)



Proposed Referendum – Ballot Question

SCHOOL DISTRICT QUESTION 1 APPROVAL OF SCHOOL DISTRICT REFERENDUM REVENUE AUTHORIZATION

The board of Independent School District No. 2753 (Long Prairie-Grey Eagle Public Schools) has proposed to increase its general education revenue by \$209.24 per pupil. The proposed referendum revenue authorization would be applicable for ten years, beginning with taxes payable in 2017, unless otherwise revoked or reduced as provided by law.



Yes

Shall the increase in the revenue proposed by the board of Independent School District No. 2753 be approved?



No

**BY VOTING "YES" ON THIS BALLOT QUESTION, YOU
ARE VOTING FOR A PROPERTY TAX INCREASE.**



Tax Impact - Description

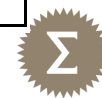
- Operating referendum property tax levies are spread on Referendum Market Value (RMV)
 - Referendum property taxes are not levied on
 - Seasonal recreational property (cabins)
 - Agricultural land and buildings (only levied on house, garage and 1 acre)
 - Almost all other property in a district pays the same tax per dollar of market value



Tax Impact – Estimated Amounts in 2017

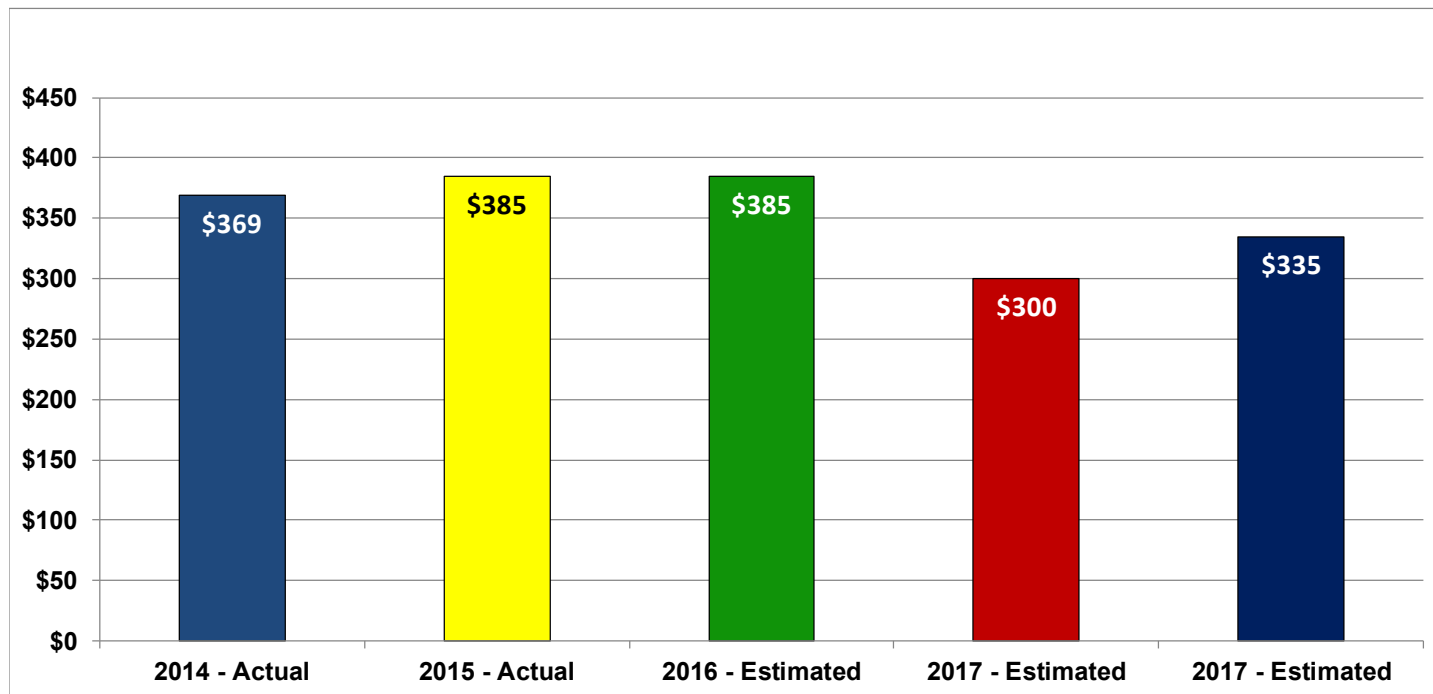
Est. Market Value Rates, Taxes Payable in 2017 (for Referendum Only)	Taxes for Proposed Levy 0.03493%
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Type of Property	Estimated Market Value	Estimated Taxes for Referendum Only*
Residential Homesteads, Apartments, and Commercial- Industrial Property	\$50,000	\$17
	75,000	26
	100,000	35
	125,000	44
	150,000	52
	175,000	61
	200,000	70
	225,000	79
	250,000	87
	275,000	96
	300,000	105
	325,000	114
	350,000	122
	375,000	131
	400,000	140
	425,000	148
	450,000	157
	475,000	166
	500,000	175
	550,000	192



School Taxes – Residential Homestead

Long Prairie-Grey Eagle ISD #2753
Total School Property Taxes on a Home with an Estimated Market Value of \$100,000



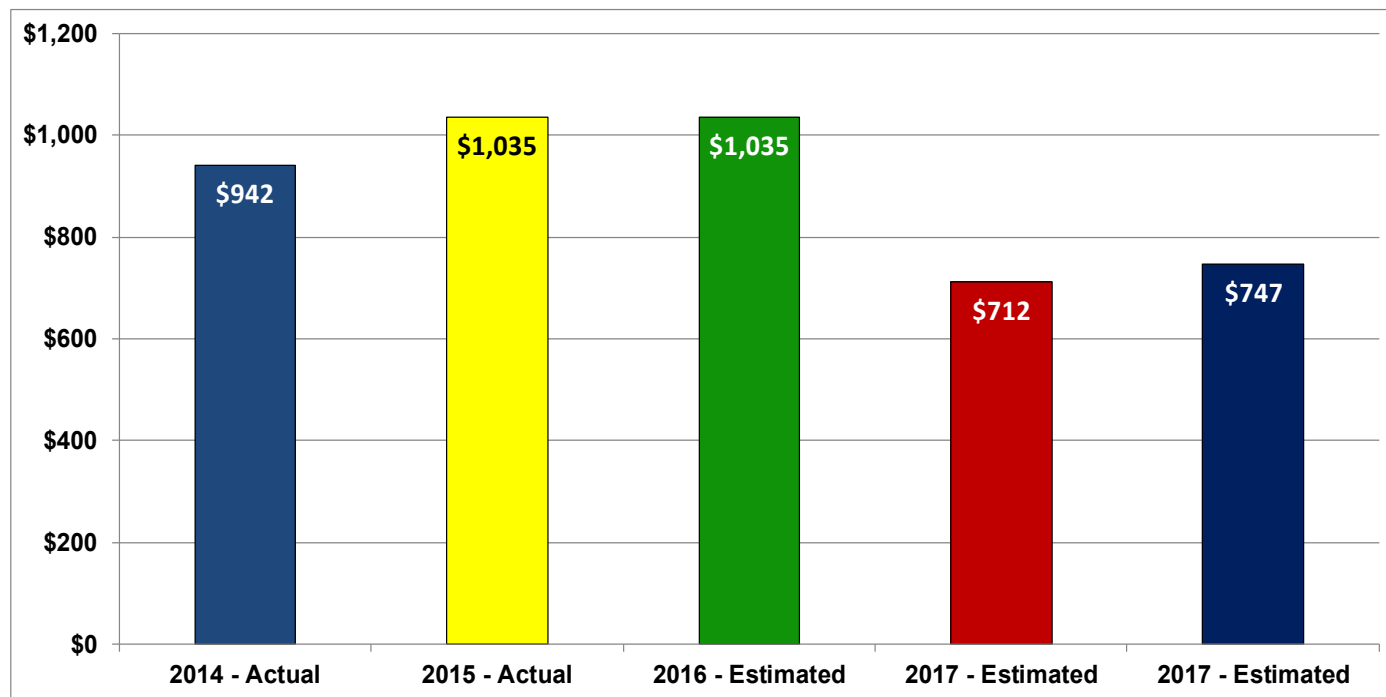
2014	Prior to May 8, 2014 Bond Referendum Election
2015	Includes tax increase due to voter approval of May 8, 2014 Bond Referendum
2016	No changes anticipated
2017	Includes estimated tax decrease since School Building Bonds originally issued in 1996 will be paid off
2017	Includes estimated tax increase of possible additional Operating Referendum authority of \$209.24 per pupil

Source for Pay 2014 and Pay 2015 calculations is School Tax Report

School Taxes – Agricultural Homestead

Long Prairie-Grey Eagle ISD #2753

Total School Property Taxes, Payable 2014, on an Agricultural Homestead with a Total Estimated Market Value of \$500,000*



2014	Prior to May 8, 2014 Bond Referendum Election
2015	Includes tax increase due to voter approval of May 8, 2014 Bond Referendum
2016	No changes anticipated
2017	Includes estimated tax decrease since School Building Bonds originally issued in 1996 will be paid off
2017	Includes estimated tax increase of possible additional Operating Referendum authority of \$209.24 per pupil

* Assumes the house, garage, and one acre has an estimated market value of \$100,000.

Source for Pay 2014 and Pay 2015 calculations is School Tax Report

Referendum Trends

Number of districts relying on operating referendum revenue is increasing

- In 1993, only 65% of districts had referendum authority
- For Fiscal Year 2015-16, more than 99% of districts receive referendum revenue
 - Only 2 districts currently do not have referendum authority in place



Referendum Trends

Average referendum authority per pupil is increasing

- In 1993, average referendum authority was \$332 per pupil
- For Fiscal Year 2015-16, the average referendum authority is \$757 per pupil



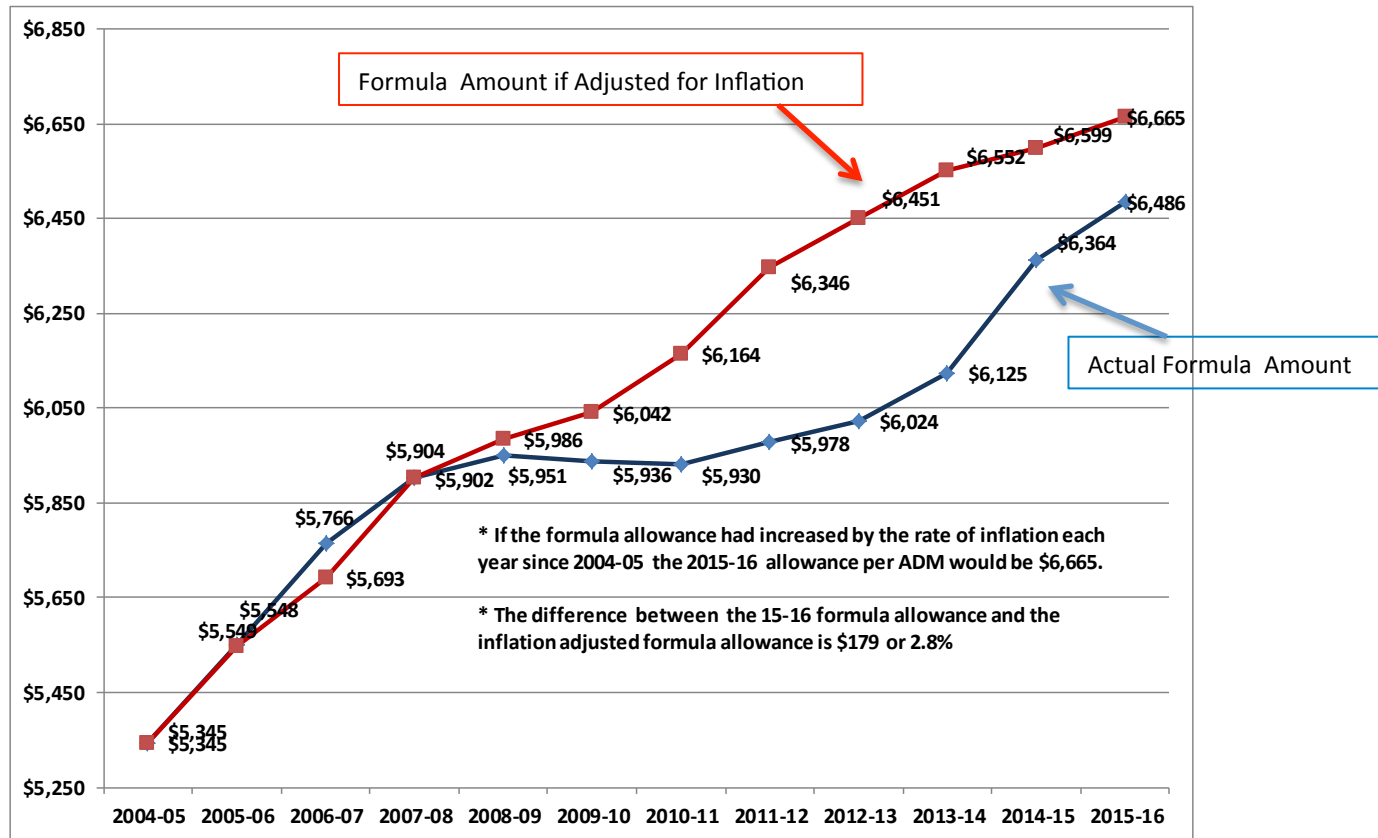
Growing Reliance on Referendums

- Since 2004-05, the State General Education Revenue formula has not kept pace with inflation
- For Fiscal Years 2015-16 and 2016-17, Legislature approved an increase of 2% per year
- Per-pupil allowance for the Fiscal Year 2016 would need to increase by another \$179 (2.8%) to have kept pace with inflation



Growing Reliance on Referendums

**Trends in General Education Formula Allowance
for Minnesota School Districts, 2004-05 through 2015-16**
Basic Allowance Per ADM Adjusted for Inflation



SOURCE: CPI-U are from Minnesota Department of Education, Referendum Cap Inflation Estimate 2014 and General Fund State Aid and Levy Revenues, 2003 to 2017: July 2015 Budget Forecast

* Consumer Price Index for all urban consumers for the Minneapolis-St. Paul area.

Prepared by Ehlers



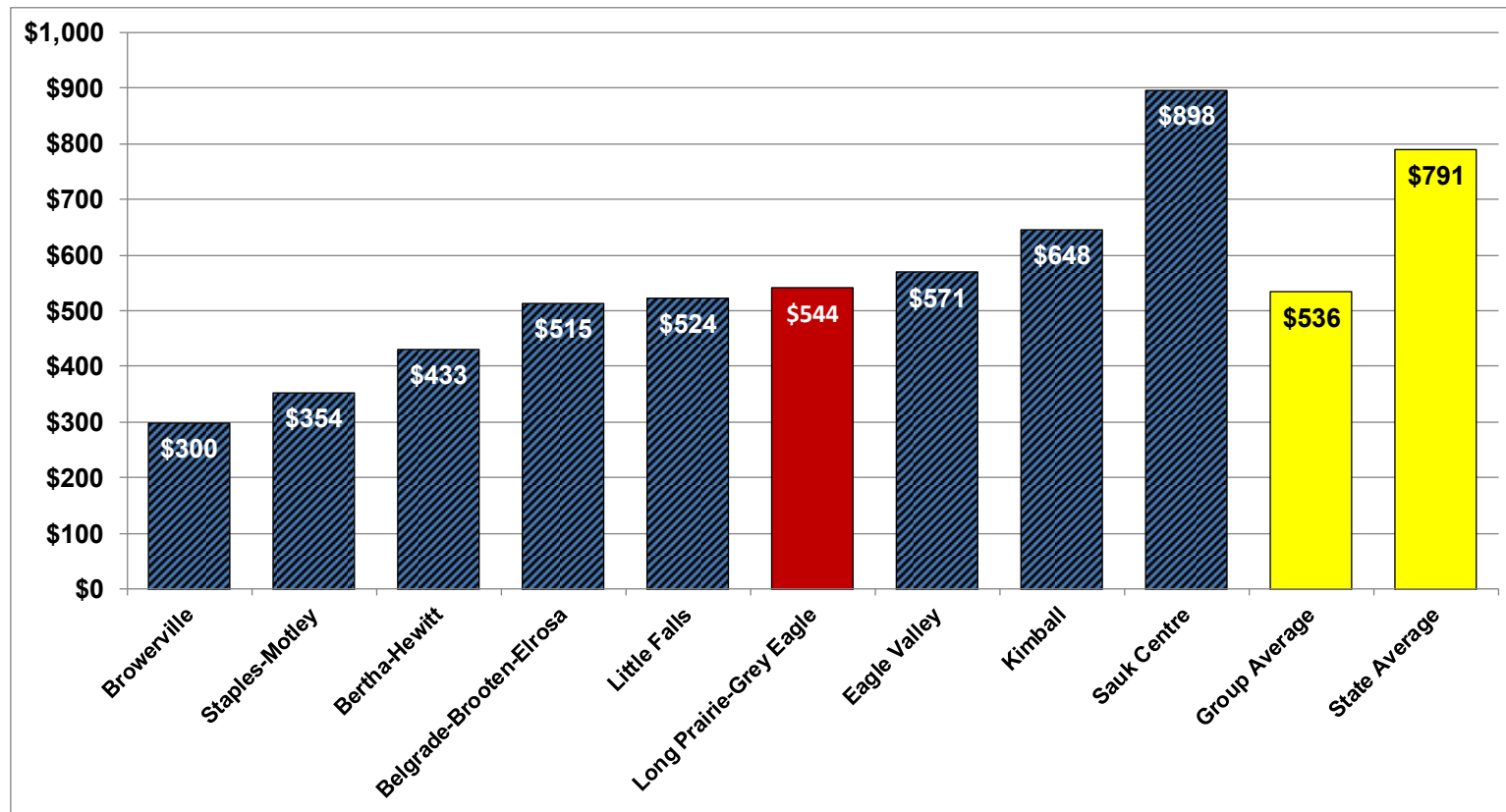
Growing Reliance on Referendums

- Other funding sources (e.g., special education) also have not kept pace with inflation
 - In Fiscal Year 2013-14 (the most recent year data is available), Long Prairie-Grey Eagle spent \$1,003,241, or \$928 per pupil, from general fund revenues to cover special education costs that were not covered by State or Federal funding formulas
- Only options for districts to bridge the funding gap are to cut budgets or increase referendum revenue; most districts have done both



Comparative Information

Long Prairie-Grey Eagle School District No 2753
Voter/Board Approved Referendum Authority Per Pupil Unit FY 15-16 (Excludes Local Optional Revenue)



Source: MDE Revenues Per ADM, FY 2006 to FY 2017 (all revenues converted to per pupil unit)

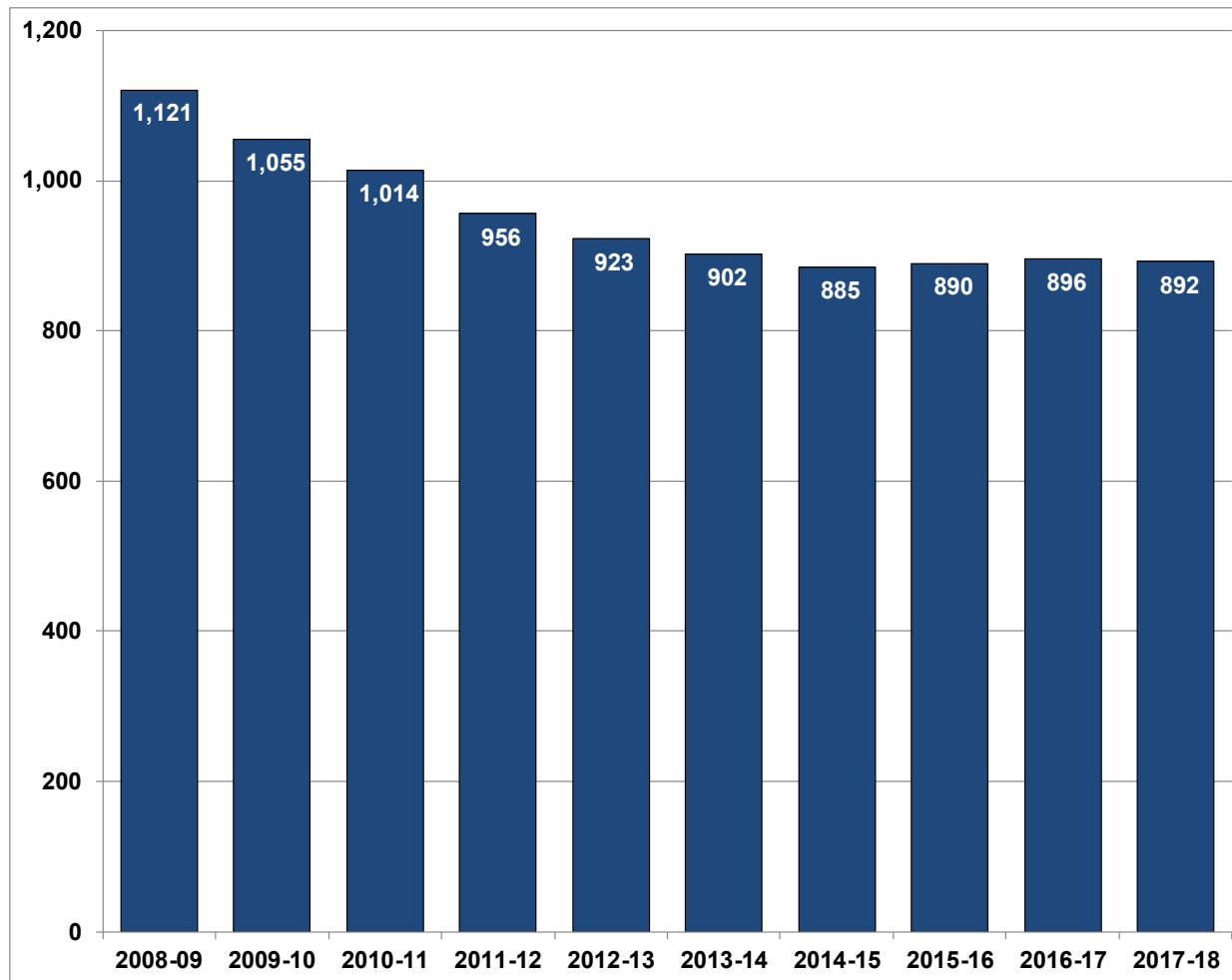
Comment: The authorized Pay 15 referendum authority will not be finalized until early 2016 when actual FY 2015 enrollment is posted by the MDE. Before that time the calculation is updated periodically by the MDE. As a result, the amounts shown above may vary slightly until the amounts are finalized.



District Enrollment Information

Long Prairie-Grey Eagle School District No. 2753

Enrollment



Source: Fall Enrollment as of Oct 1 from MDE Compensatory Revenue Reports (FY 09 - FY 15) and Estimates from MDE Enrollment Reports (FY 16 - FY 18)



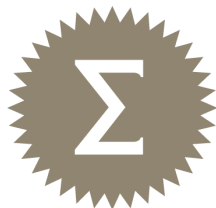
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Referendum Election Information

- Election Date
 - Tuesday, November 3, 2015
- Poll locations
 - LPGE Multi-Purpose Gym
 - Grey Eagle City Hall
- Poll hours
 - 10:00 am to 8:00 pm





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