

MEMO

To: School Board

From: Douglas A. Hasler, CFO *DH*

Date: June 8, 2018

Re: Resolution to Convert Voter Approved Referendum Authority

You will find a resolution included in the packet for the Monday Business Committee meeting that would convert voter approved referendum authority to board approved referendum authority. To best understand this resolution, I think it would be helpful to review some of our history going back to the most recent referendum in November 2013.

Two separate referendum questions were on the November 2013 ballot, and both were approved. The total value of these two operating referendum questions was \$795.78 per pupil unit. Subsequent to the approval of these referendum questions, Minnesota statute was amended to create what is called a “local optional revenue allowance” (“LOA”). The LOA created levy authority for all Minnesota school districts in the amount of \$424 per pupil unit. For Duluth Public Schools, the LOA did not represent additional levy authority, but rather converted a portion of the voter approved referendum authority that was then in place. Since that time, our voter approved operating referendum levy authority is considered to be \$371.78, and our LOA is \$424.00. The LOA went into effect for Minnesota school districts without the requirement of a local referendum vote, and remains in effect without any required action on the part of a school district.

Similar to LOA levy authority, Minnesota school districts may enact up to \$300 (per pupil unit) of “board created” referendum authority through board approval of a resolution. Such authority is effective through board action alone, and is not subject to a referendum vote. Such levy authority may remain in effect for a period of up to five (5) years, but may then be renewed. Similar to the LOA, “board created” levy authority of up to \$300 can be authorized so that it does not increase our total levy authority, but rather shifts, or converts it from what is currently recognized as voter approved referendum authority.

Adoption of the resolution by the School Board would become effective with the 2018 pay 2019 levy (which will fund our fiscal year 2020 budget). This would result in \$424 of an LOA levy, and \$300 of board created levy, totaling \$724.00 per pupil unit. You will note that this total levy authority is \$71.78 per pupil unit lower than our current levy authority of \$795.78. Maintaining, or increasing, our current levy authority for fiscal year 2020 would require a voter approved referendum of at least \$71.78 per pupil unit in November 2018.

I recommend your approval of the proposed resolution in the June 19th Board meeting.