



Board Meeting Date: 6/10/2024

Title: Voter-Approved Levy Review

Type: Discussion

Presenter(s): Dr. Stacie Stanley, Superintendent; and Mert Woodard, Director of Finance & Operations

Description: All Minnesota school districts, to varying degrees, rely heavily on local property tax revenues for both day-to-day operations and to finance significant capital projects. Understanding the property tax authority the District has is paramount to developing budgets that are fiscally responsible and sustainable.

School districts in Minnesota can supplement their non-voter approved taxing authority with voter-approved authorities that are derived from state statute. There are three primary voter-approved tax levies available to school districts: the operating referendum, the capital projects levy, and school building bonds.

- **Operating Referendum** – The voter-approved operating referendum is similar to basic education revenue or local optional revenue in that it can be used for any lawful purpose. In Edina this revenue is used exclusively for day-to-day operations, including, but not limited to: classroom teachers, school administration, central office administration, transportation, utilities, and building cleanliness. The District's operating referendum revenue of an estimated \$20,764,962 for fiscal year 2025 represents 13.9 percent of the District's overall general fund operating revenue.

Operating referendums are requested on a revenue per pupil unit basis and can be approved by voters of the District for up to ten years. Districts may ask voters for any per pupil amount, however state legislation imposes caps on how much per pupil revenue districts may actually receive. The District's current operating referendum authority is \$2,197.49 per pupil unit, slightly under the state cap of \$2,202.89. The state cap is adjusted yearly for inflation, as is the District's per pupil authority.

Voters of the District last voted in favor of an operating referendum in 2017, authorizing the revenue beginning with taxes payable in 2018 and ending with taxes payable in 2027. Due to new legislation enacted during the 2023 legislative session, school boards now have the authority to, without voter approval, renew expiring operating referendum authority in the same amount and for the same duration as the original referendum. The District's existing operating referendum authority expires with taxes payable in 2027 (fiscal year 2028 revenue), which means that the window for the school board to renew the referendum without voter approval begins July 1, 2025 and ends June 15, 2027. Failure to renew the operating referendum will result in the loss of an estimated

\$22,627,122 for the District, the equivalent of approximately 157 full-time teachers, roughly 30 percent of the District’s faculty.

Exhibit A – Estimated Operating Referendum Revenue Through Fiscal Year 2029:

	Fiscal Year				
	2025	2026	2027	2028	2029
Edina Authority	\$ 2,197	\$ 2,245	\$ 2,294	\$ 2,344	\$ 2,395
State Maximum	2,203	2,251	2,299	2,349	2,400
Revenue	\$20,765,182	\$21,215,786	\$21,676,169	\$22,146,542	\$22,627,122

*Assumes flat enrollment of 8,630 or 9,450 pupil units.

** Per pupil amounts are estimates at the time of publication.

- **Capital Projects Levy** – In order to finance capital projects, fixed asset purchases, and technology needs (staff, devices, software, infrastructure, etc), districts in Minnesota can seek voter-approval for annual capital projects levy or “tech levy” authority. Unlike operating referendum authority, the use of capital projects levy proceeds is specifically regulated in state statute. There is no cap on the amount that can be generated from the capital projects levy – voters authorize a fixed tax rate that is applied to the net tax capacity of the District. This means that as the District’s tax base grows, capital projects levy revenue will increase in direct proportion. Capital projects levies can be authorized for up to ten years and the District’s current authority is for 5.932 percent, expiring with taxes payable in 2033. The District will receive \$8,746,346 of capital projects levy revenue for fiscal year 2025, or 5.7 percent of general operating revenues. Without capital projects levy authority, the District would not be able to maintain it’s current technology infrastructure within significant reductions to other areas.

Exhibit B – Estimated Capital Projects Levy Revenue Through Fiscal Year 2033:

Fiscal Year	Net Tax Capacity	Revenue
2025	\$ 142,891,874	\$ 8,476,346
2026	\$ 154,831,339	\$ 9,184,595
2027	\$ 169,217,028	\$ 10,037,954
2028	\$ 183,549,795	\$ 10,888,174
2029	\$ 192,333,016	\$ 11,409,195
2030	\$ 198,103,007	\$ 11,751,470
2031	\$ 204,046,097	\$ 12,104,014
2032	\$ 210,167,480	\$ 12,467,135
2033	\$ 216,472,504	\$ 12,841,149

*Net tax capacity figures are final through fiscal year 2026 revenue; all other years assume a 3.0% increase above the prior year.

Exhibit C – Capital Projects Levy Uses:

Category	Amount
Staff Compensation	\$ 4,128,749
Instructional Software	666,629
Instructional Devices	1,308,588
Non-Instructional Software	803,928
Non-Instructional Devices	1,775,402
Services & Fees	63,050
Total	\$ 8,746,346

Exhibit D – Capital Project Levy District Comparisons (Taxes Payable in 2024):

District	Net Tax Capacity	Capital Projects Levy Amount	Tax Rate	PAY2024 ADM	Revenue Per ADM
Bloomington	\$ 193,336,333	\$ 11,325,642	5.858%	9,939	\$ 1,139.52
Eden Prairie	144,223,833	9,415,721	6.529%	8,850	1,063.92
<i>Edina</i>	<i>142,891,874</i>	<i>8,476,346</i>	<i>5.932%</i>	<i>8,630</i>	<i>982.20</i>
Hopkins	168,755,766	14,690,864	8.705%	6,472	2,269.91
Minnetonka	140,668,046	9,240,571	6.569%	11,296	818.04
Richfield	73,658,925	4,777,993	6.487%	3,845	1,242.65
St. Louis Park	92,066,385	3,946,886	4.287%	4,476	881.79
Wayzata	217,667,832	10,934,348	5.023%	12,958	843.83
		Average:	6.174%		\$ 1,155.23

Additional Revenue
if Edina were at the
average tax rate: \$ 345,452

Additional Revenue
if Edina were at the
average per ADM: \$ 1,493,304 (6.977% tax rate)

Recommendation: There is no recommended action.

Desired Outcomes from the Board: Review the provided materials and prepare to ask questions regarding the District's current and future voter-approved levy authority ahead of budget development for fiscal year 2026 and beyond.

Attachments:

N/A