



# Howard Lake-Waverly-Winsted, ISD 2687

School Board Work Session

July 24, 2023

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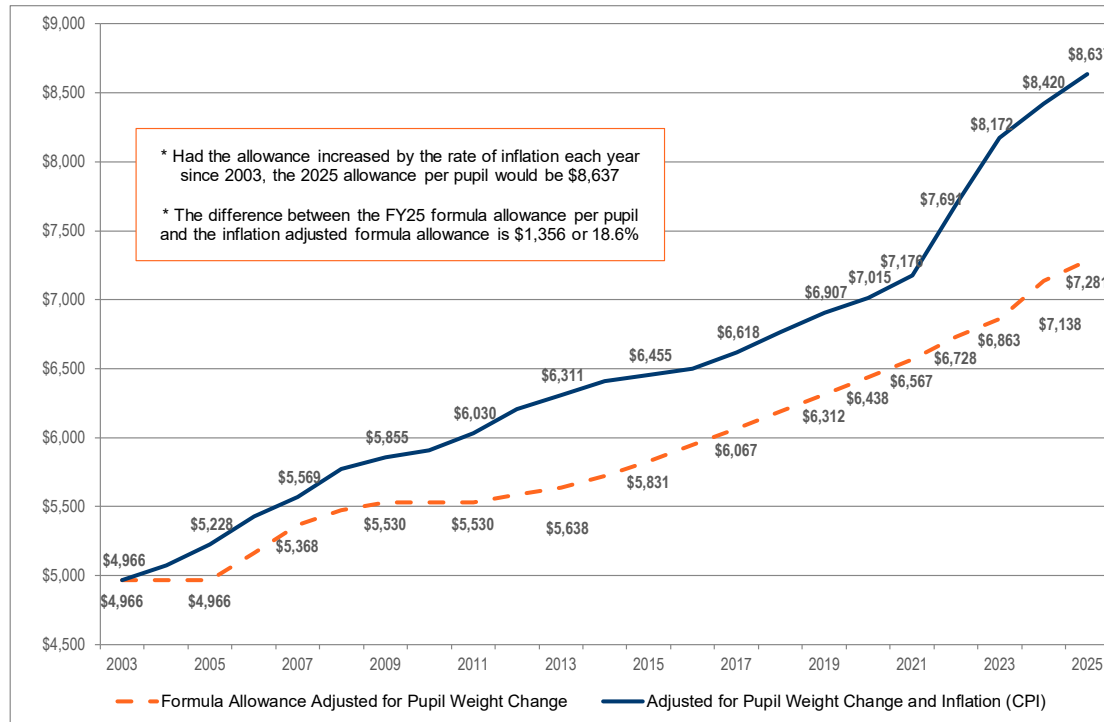
# Reliance on Referendums

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- General education funding has not kept pace with inflation
- Other funding sources (e.g., special education) also have not kept pace with increasing costs
- Only options for districts to bridge funding gap are to cut budgets or ask voters to increase revenue; districts have done both
- Voter-approved revenue:
  - ✓ Operating referendum
  - ✓ Capital project levy

# General Education Formula Allowance

General Education Formula Allowance, 2003-2025  
Adjusted for Pupil Weight Change and Inflation (CPI)



Source: MDE June 2023 Inflation Estimates and Minnesota Laws 2023

# Underfunding of Special Education

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Underfunding costs requires a transfer from regular program resources to support an underfunded program mandated by state & federal law

MDE reports costs of providing programs in 2020-21 were underfunded statewide by \$591 million

MDE estimates costs for providing programs statewide in 2022-23 will be underfunded by \$740 million

# Tax Base by Property Type

Assessment Year 2021 (Taxes Payable 2022) Tax Base by Property Type

	Market Value	Percent of Total	Referendum Market Value	Percent of Total	Net Tax Capacity*	Percent of Total	
<b>Totals</b>	<b>1,272,662,436</b>	<b>100.0%</b>	<b>931,676,518</b>	<b>100.0%</b>	<b>11,823,056</b>	<b>100.0%</b>	
Residential Homestead	642,843,000	50.5%	635,854,073	68.2%	5,941,567	50.3%	
Other Residential	104,376,711	8.2%	103,634,886	11.1%	1,119,167	9.5%	
Commercial / Industrial	112,424,700	8.8%	112,424,700	12.1%	2,118,839	17.9%	
Non Qualifying Agricultural	78,050,700	6.1%	77,147,559	8.3%	719,304	6.1%	
Qualifying Agriculture	299,887,725	23.6%	-	0.0%	1,979,746	16.7%	
Seasonal Recreational	35,079,600	2.8%	2,615,300	0.3%	347,959	2.9%	
TIF & FD					-403,526	-3.4%	
				- Operating Referendum - Local Optional Revenue - Equity <b>22% of Total Levy</b>		All other school taxes including building bonds  <b>78% of Total Levy</b>	

\*Totals include TIF & Fiscal Disparities adjustments

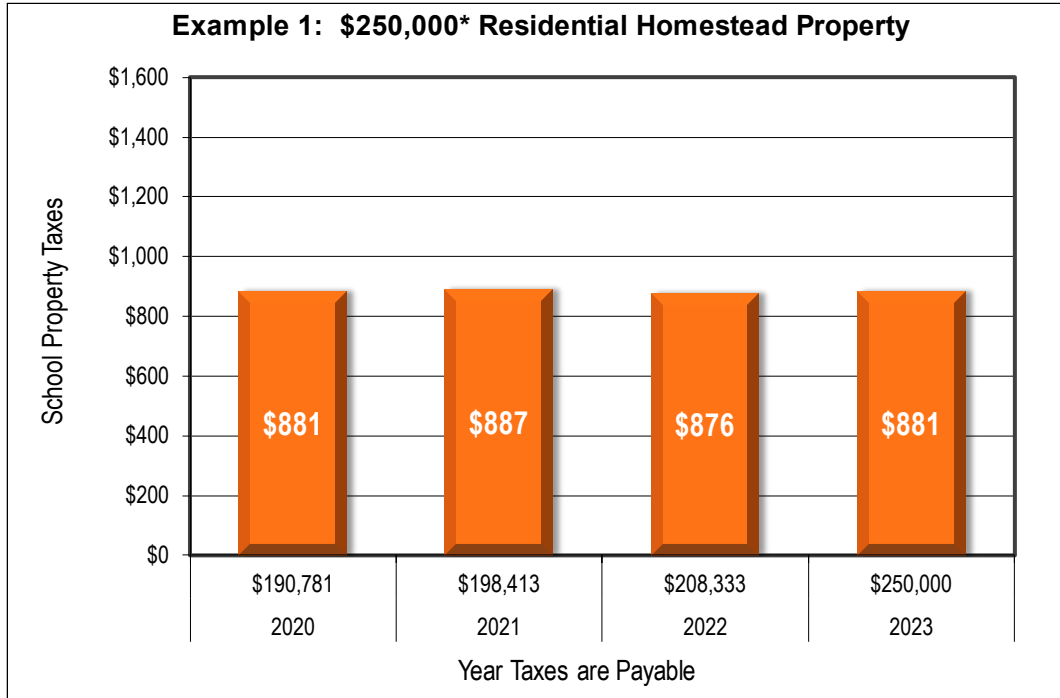
# Recent Tax Base Growth

Assess Year	RMV	%	NTC	%
2017	684,064,225		9,107,262	
2018	761,440,200	11.3%	9,894,168	8.6%
2019	816,750,250	7.2%	10,494,312	6.0%
2020	869,853,700	6.5%	11,103,402	5.8%
2021	930,862,875	7.0%	11,776,821	6.0%
2022	1,142,291,459	22.7%	14,352,736	21.9%

# Total School Tax Comparison

Estimated Changes in School Property Taxes, 2020 to 2023

Based on 31.0% Cumulative Changes in Property Value from 2020 to 2023 Taxes

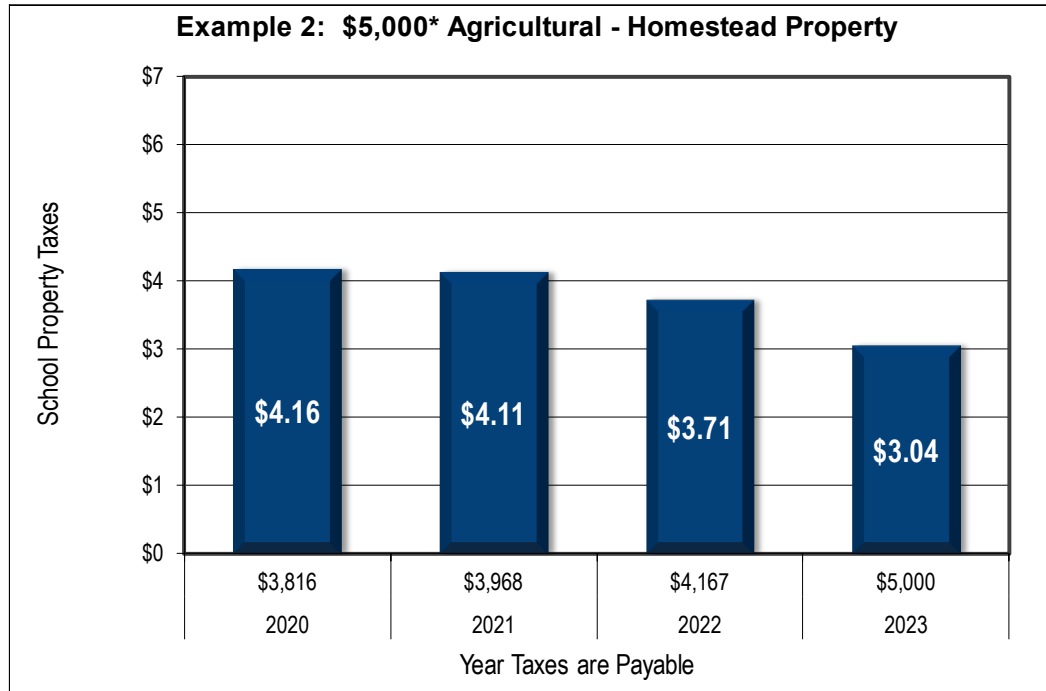


\* Estimated market value for taxes payable in 2023. Taxes are calculated based on changes in market value of 4.0% from 2020 to 2021, 5.0% from 2021 to 2022 and 20.0% from 2022 to 2023.

# Total School Tax Comparison

Estimated Changes in School Property Taxes, 2020 to 2023

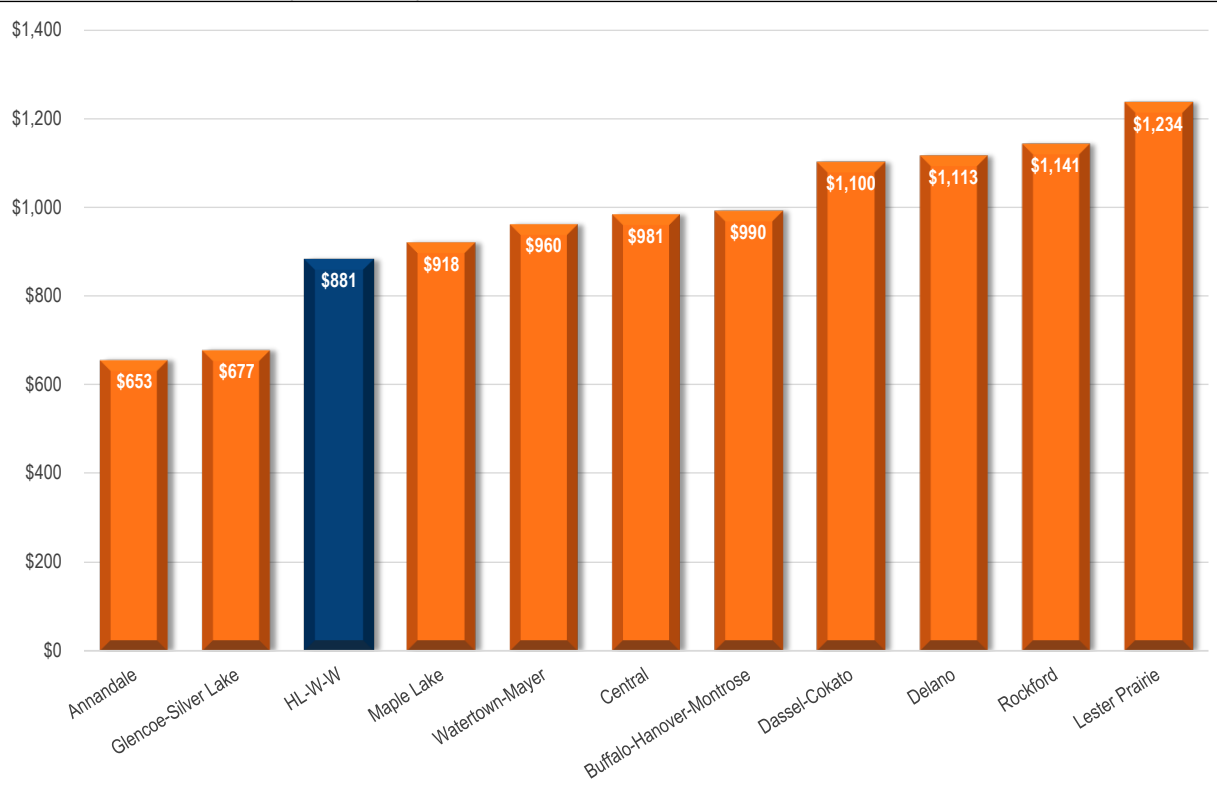
Based on 31.0% Cumulative Changes in Property Value from 2020 to 2023 Taxes



\* Estimated market value for taxes payable in 2023. Taxes are calculated based on changes in market value of 4.0% from 2020 to 2021, 5.0% from 2021 to 2022 and 20.0% from 2022 to 2023.

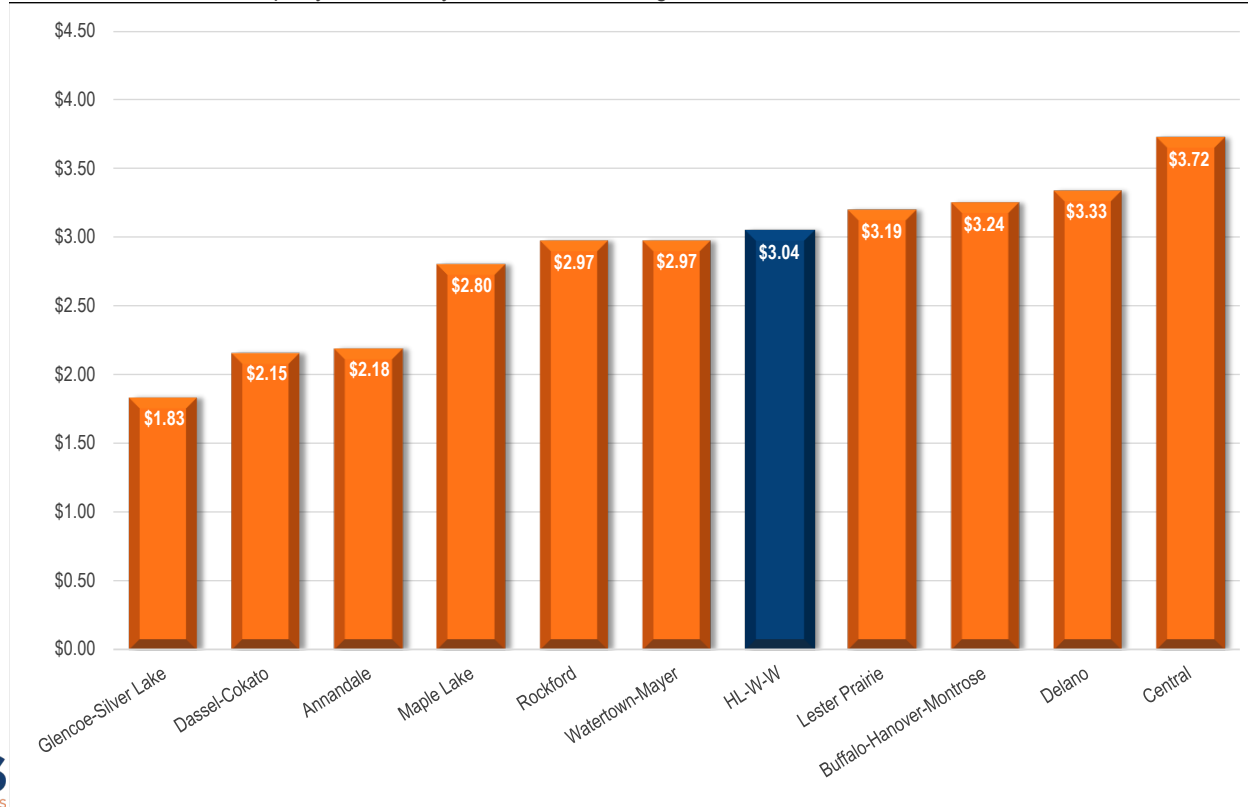
# Total School Tax Comparison

Total School Property Taxes, Payable 2023, on a Home with an Estimated Market Value of \$250,000



# Total School Tax Comparison

Total School Property Taxes, Payable 2023, on an Ag Acre with an Estimated Market Value of \$5,000



# Operating Referendum

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Revenue capped at:  
\$2,110.97 per student for  
Fiscal Year 2024

Allows districts to generate  
additional general  
education revenue

Revenue can be a  
combination of local  
property tax levies and  
state aid

Annual levy, maximum  
length of 10 years

May be indexed to inflation

Taxes spread on  
Referendum Market Value

(property types pay same taxes per  
dollar of property value)

Property taxes are not levied on:

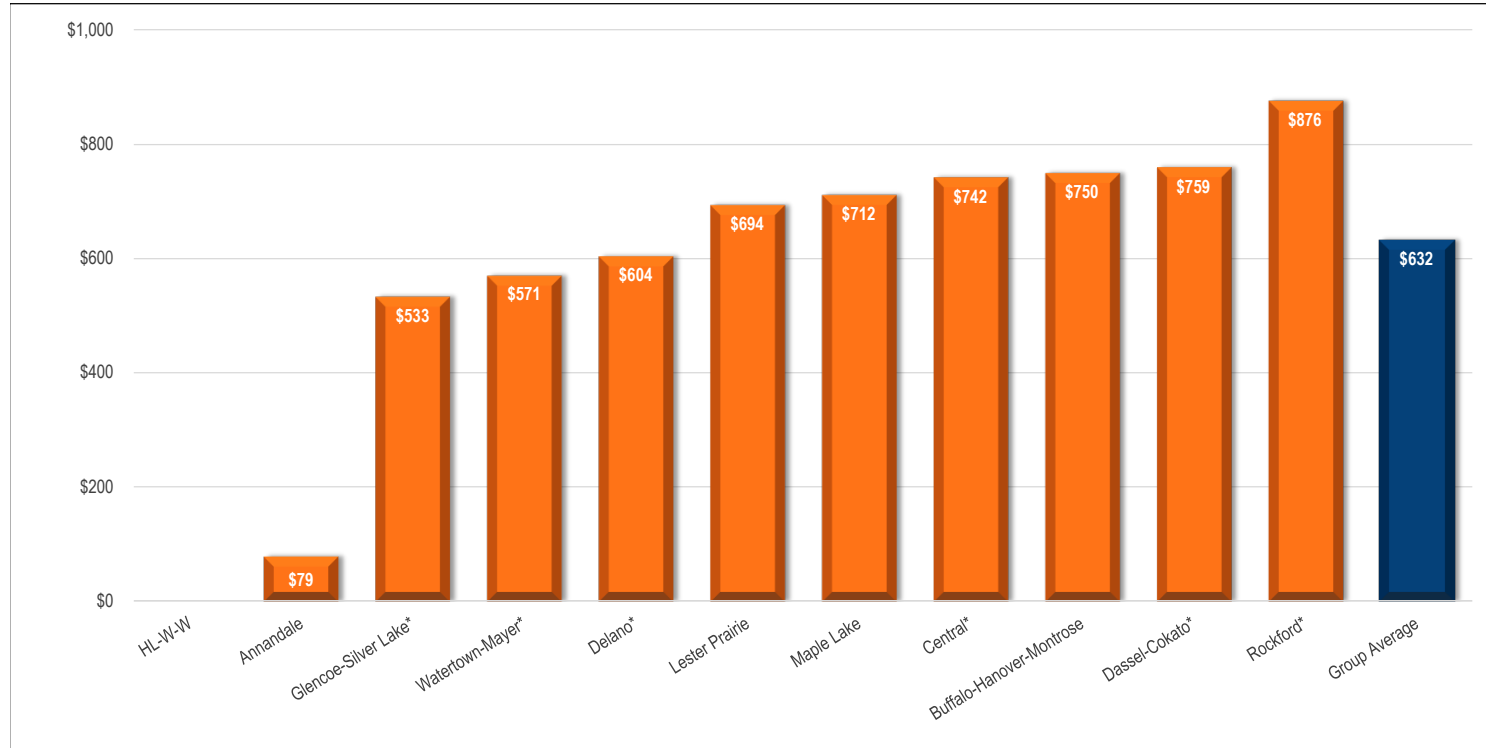
Ag land & buildings (only levied on house,  
garage & 1 acre) or Seasonal recreational  
property (cabins)

Revenue may be used for  
any operating or capital  
expenses

(e.g. staff salaries/benefits, utilities,  
supplies, technology)

# Operating Referendum Comparison

FY 2023-24 Voter Approved Operating Referendum Authority Per Pupil - Comparison Districts



\* Authorities with voter approved annual inflationary adjustment

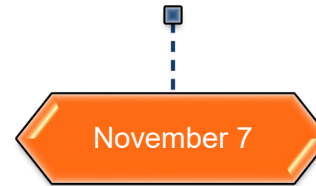
Source: MDE Pay 2023 Levy Reports

# 2023 Election Timeline

Adopt resolution calling for special election & Notify Commissioner of Education & County Auditor of election information



Mail required referendum notice to each taxpayer in District



Special election canvass results (3<sup>rd</sup> through 10<sup>th</sup> day following election)

# Option #1 – Tax Impact

Questions	Question 1
Additional Revenue/Pupil Unit	\$550.00
Est. Net Increase in Revenue	\$791,230
Est. Net Increase in Total Revenue <i>(Includes Equity)</i>	\$754,240

Type of Property	Estimated Market Value	Estimated Taxes for Referendum Only*	
		ANNUAL	MONTHLY
	\$100,000	\$63	\$5
	150,000	94	8
	200,000	126	10
	250,000	157	13
Residential	300,000	189	16
Homesteads,	350,000	220	18
Apartments,	400,000	252	21
and Commercial-	450,000	283	24
Industrial Property	500,000	315	26
	600,000	378	31

# Option #1 – Sample Ballot Language

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**School District Question 1  
Approval of School District  
Referendum Revenue Authorization**

The board of Independent School District No. 413 (Marshall Public Schools) has proposed to increase is general education revenue by \$675 per pupil. The proposed referendum revenue authorization would be applicable for ten years beginning with taxes payable in 2023 and increase each year by the rate of inflation beginning with taxes payable in 2024 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. 413 be approved?

**No**

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

# Option #2 – Tax Impact

Questions	Question 1	Question 2	TOTAL
Additional Revenue/Pupil Unit	\$500.00	\$200.00	\$700.00
Est. Net Increase in Revenue	\$719,300	\$287,720	\$1,007,020
Est. Net Increase in Total Revenue <i>(Includes Equity)</i>	\$685,673	\$274,269	\$959,942

Type of Property	Estimated Market Value	Estimated Taxes for Referendum Only*					
		Taxes Payable in 2024		Taxes Payable in 2024		Taxes Payable in 2024	
		ANNUAL	MONTHLY	ANNUAL	MONTHLY	ANNUAL	MONTHLY
	\$100,000	\$57	\$5	\$23	\$2	\$80	\$7
	150,000	86	7	34	3	120	10
	200,000	114	10	46	4	160	14
	250,000	143	12	57	5	200	17
Residential	300,000	172	14	69	6	241	20
Homesteads,	350,000	200	17	80	7	280	24
Apartments,	400,000	229	19	92	8	321	27
and Commercial-	450,000	258	22	103	9	361	31
Industrial Property	500,000	286	24	114	10	400	34
	600,000	343	29	137	11	480	40

# Option #2 – Sample Ballot Language

## School District Question 1 Approval of School District Referendum Revenue Authorization

The board of Independent School District No. 885 (St. Michael-Albertville Schools) has proposed to increase its general education revenue by \$756 per pupil. The proposed referendum revenue authorization would be applicable for four years beginning with taxes payable in 2023 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. 885 be approved?

No

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

## School District Question 2 Approval of Additional School District Referendum Revenue Authorization

The board of Independent School District No. 885 (St. Michael-Albertville Schools) has proposed to increase its general education revenue by \$102 per pupil. The proposed referendum revenue authorization would be applicable for four years beginning with taxes payable in 2023 unless otherwise revoked or reduced as provided by law.

Yes

If School District Question 1 is approved, shall the increase in the revenue proposed by the board of Independent School District No. 885 be approved?

No

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

# Questions

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