

Our Community. Our Schools.

Which Path Forward?



Community Forum Reminders

- Today's Topic: **Operating Levy Decision**
- Forum is being live streamed on YouTube
- Written questions related to today's topic may be submitted from members in the audience



1

Current Situation

2

How did we get here?

3

Which path forward?

4

FAQ

Our Community. Our Schools.

Continue to **always** do our best
to **serve our community** with
the resources we have available



Current Situation: Which Path Forward?

Our District is facing a future with structural budget deficits

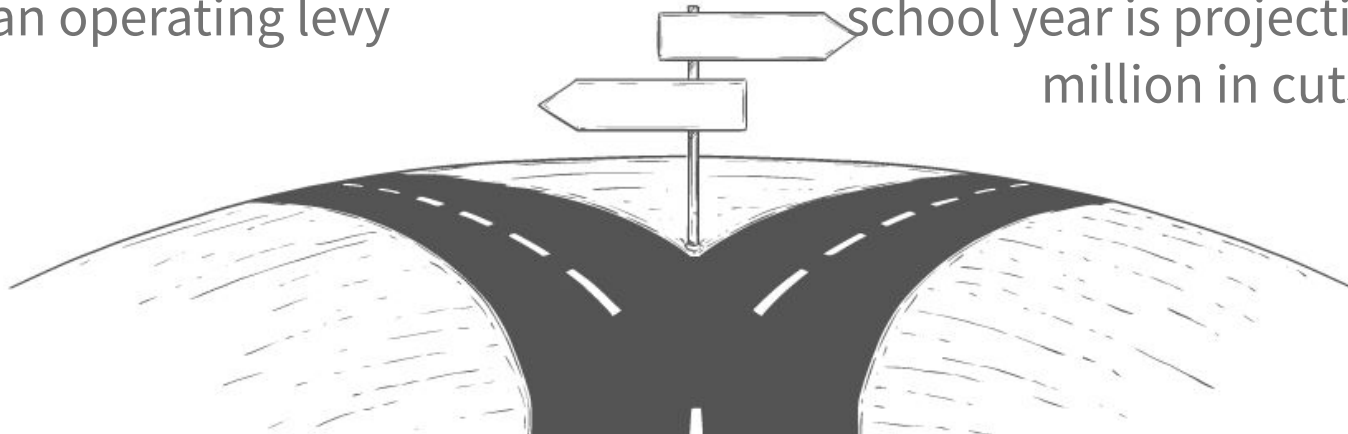
**Increase ongoing
annual operating revenue**

Only viable option to do this is
an operating levy

**Make large budget cuts every
few years**

-OR-

For example, the 2023/24
school year is projecting \$5.082
million in cuts

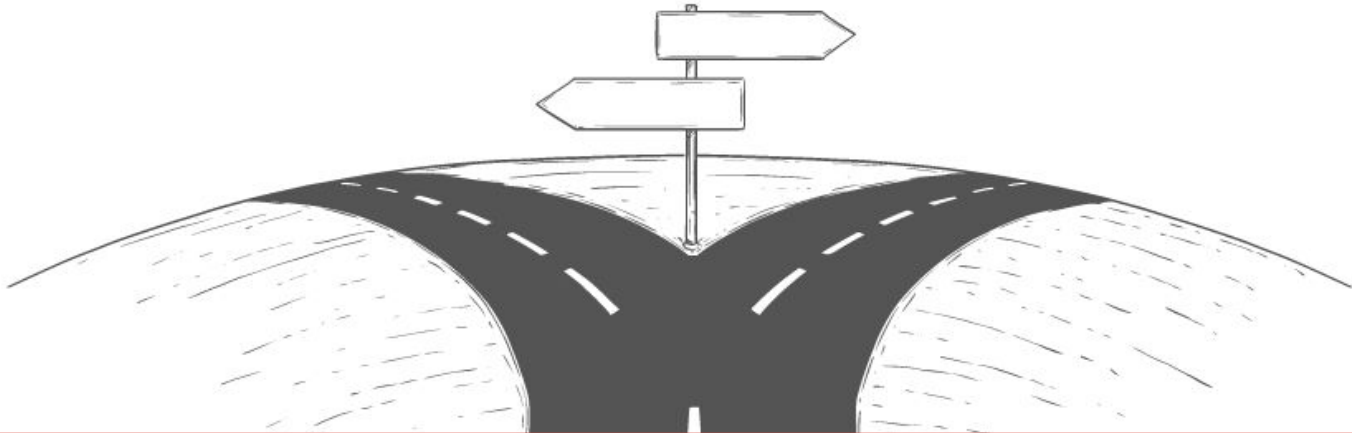


Which Path Forward?

**Voter approved
operating levy**

-OR-

**More budget
cuts**



Our Community. Our Schools.

We have a talented and diverse community of students. We also have a dedicated and highly professional staff. Both groups have been doing amazing things with the resources available.

- Teachers that go above and beyond, regardless of barriers
- 8,000+ students with over 80 languages spoken
- Unique support from a strong business community
- A 2021 graduating senior class that had over 100 CAPS internships with businesses and over 70 colleges/universities with committed Sabers in addition to talent in the trades and workforce
- And the list goes on...

“Above and beyond! My daughter’s teacher gave up her spring break time to help our student study for her CNA exam. It was unexpected but so greatly appreciated.”

- Shakopee 2021 Parent Feedback

“You made me want to come to school every day even though I was nervous.”

- Shakopee 2021 Student Feedback to Teacher

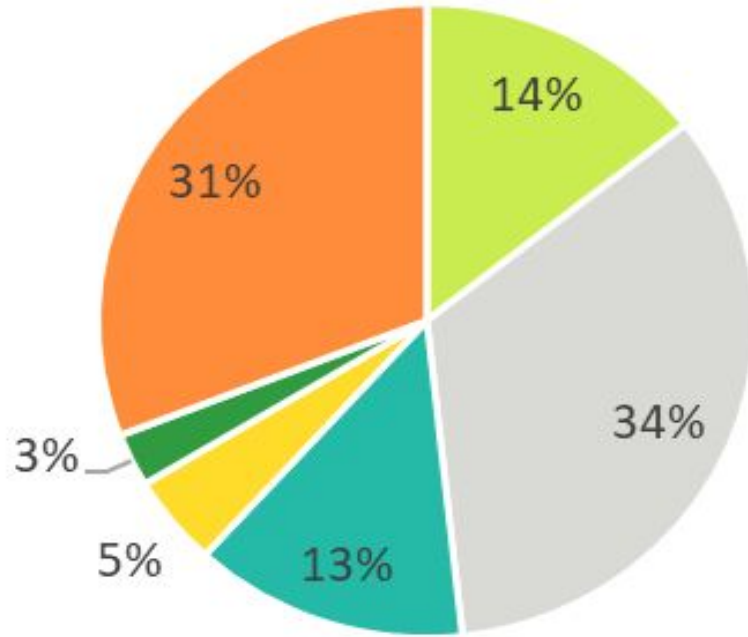
Current Situation: Community Survey

As part of a continued effort to collect longitudinal data and feedback from the community, Baker Tilly conducted a survey of **407 registered voters** in the Shakopee School district in May 2021

This survey had an approximate margin of error of +/- 4.8%.



Grading the District

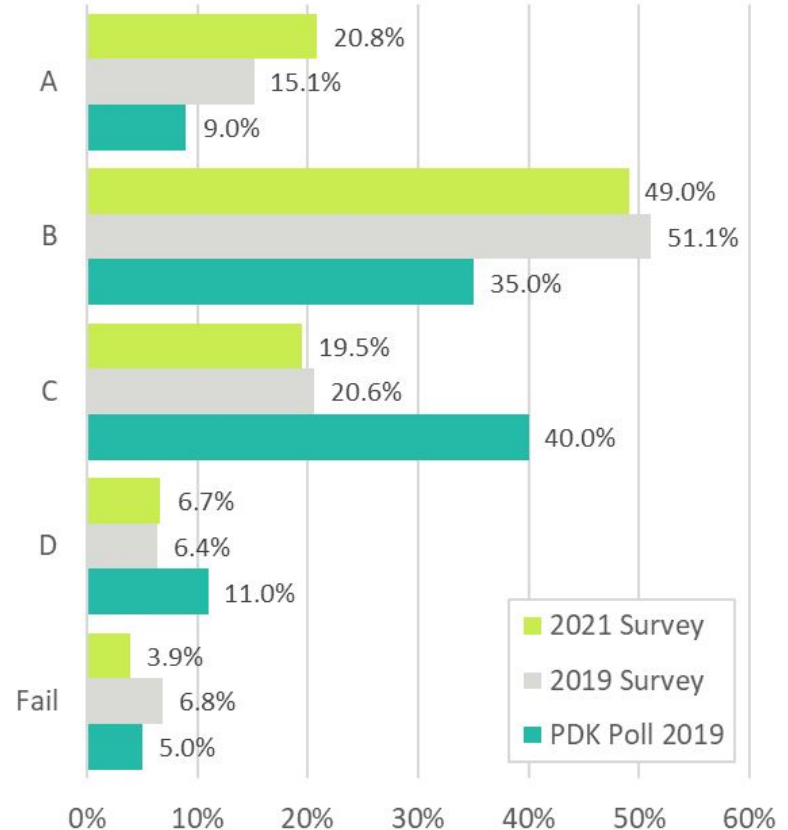


- 48% gave A & B grades to the school district
- 7% gave D & F grades
- 31% could not offer a response

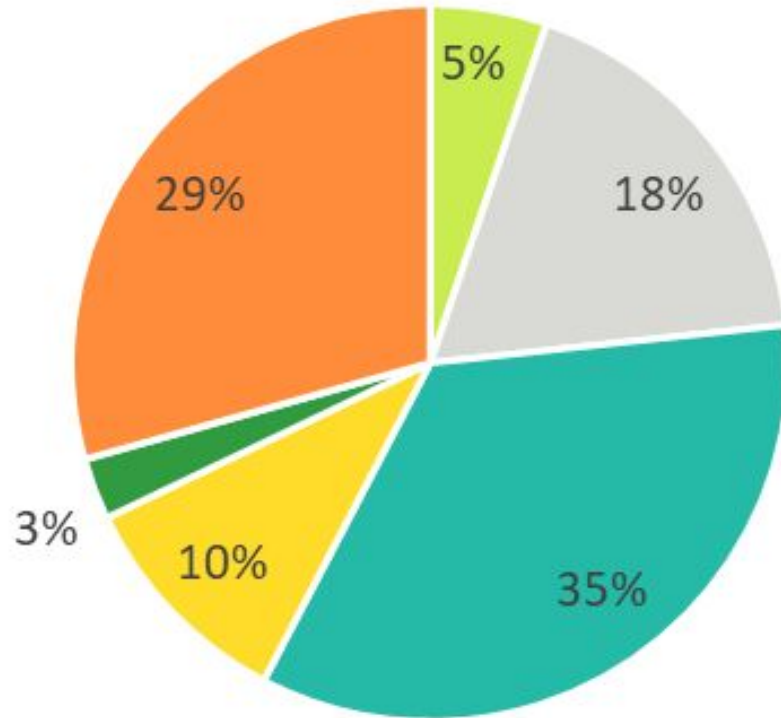
A B C D Fail No answer

Benchmark Grades

- Very good grades compared to National benchmark from PDK
- Much higher proportion of A & B grades; lower C & D
- More A grades compared to 2019 survey



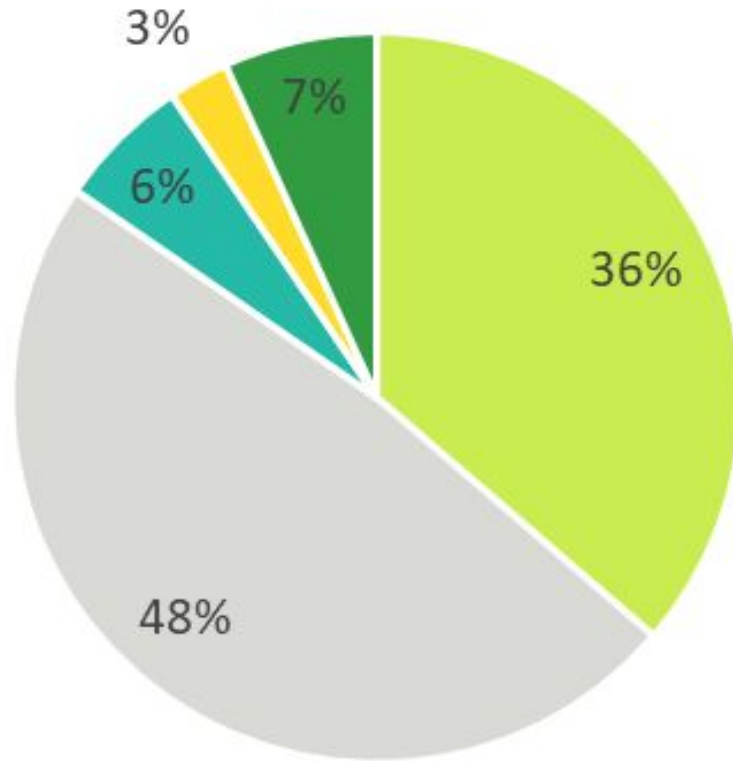
Quality of Education



■ Much better ■ Somewhat better ■ About the same ■ Somewhat worse ■ Much worse ■ No opinion

- Similar to teacher quality responses
- 23% state Shakopee provides a higher quality education than neighboring districts
- 35% feel quality is comparable

Trust in Teachers

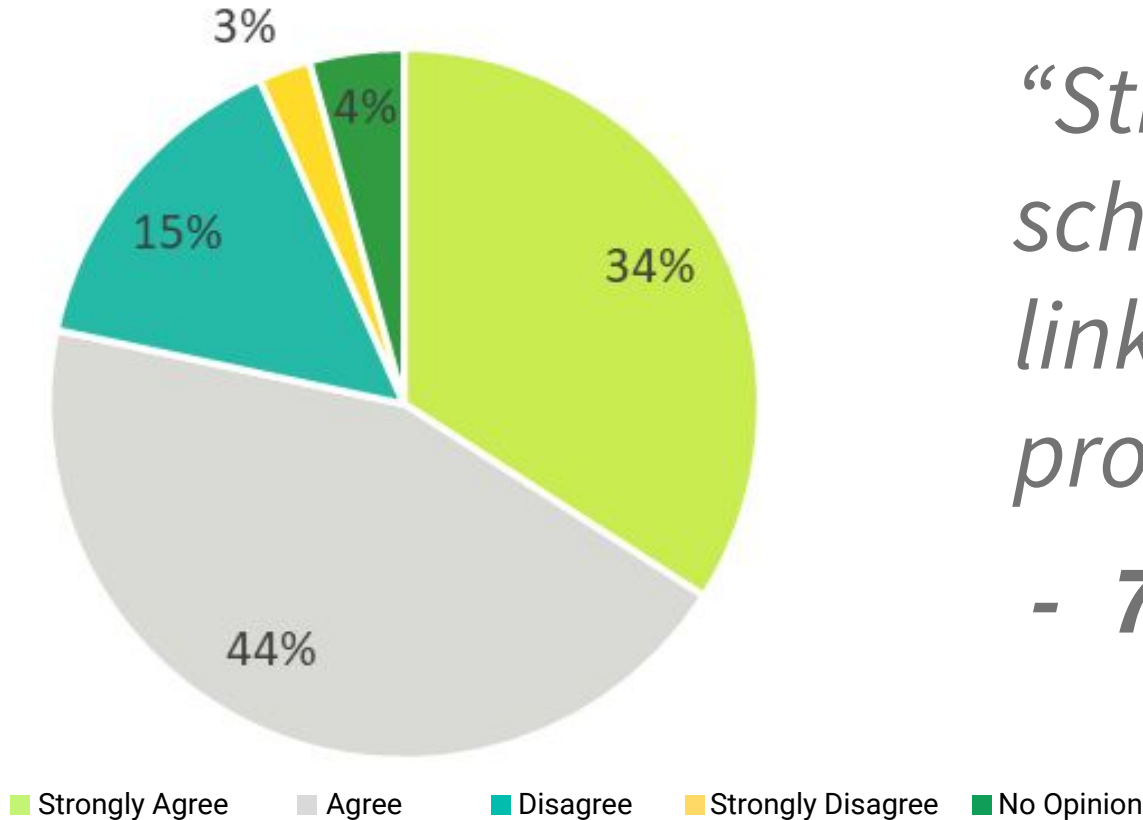


“I have trust and confidence in the men & women who are teaching the kids in our public schools.”

- 84% agree

Strongly Agree Agree Disagree Strongly Disagree No Opinion

Schools & The Community



“Strong public schools are directly linked to strong property values.”

- 78% agree

“Strong public schools are directly linked to strong property values” (78% of community survey respondents)

**Business
Community/Economy**



**Local
Government**

Schools

Current Situation: Changes in District Leadership

The Past

Rapid depletion
of fund balance

The vast majority of funds
were spent on providing
services to our students

May 2017 - May 2020

6 finance directors
6 superintendents

Now

All 7 current school board
members began serving
after June 2018

Superintendent
Mike Redmond
hired November 1, 2018

Finance Director Bill Menozzi
hired January 1, 2020

Current Situation: Financial Analysis

Approximately 60% of operating budget is spent on teacher salary and benefits. Another **20%** is spent on other **people**, those providing services to our students and community.



Current Situation: Financial Projections

	2021-22 PROJECTED	2022-23 PROJECTED	2023-24 PROJECTED	2024-25 PROJECTED	2025-26 PROJECTED
E-12 LEGISLATIVE BUDGET AGREEMENT & NO RESTORATION					
STATE AID ASSUMPTION	2.45%	2.00%	1.25%	1.25%	1.25%
GENERAL FUND REVENUES	100,001,312	102,329,510	100,558,039	101,424,894	102,200,350
GENERAL FUND EXPENDITURES	98,595,426	100,980,998	103,428,541	105,940,007	110,061,993
SPENDING VARIANCE	1,405,886	1,348,512	(2,870,502)	(4,515,113)	(7,861,643)
	2021-22 PROJECTED	2022-23 PROJECTED	2023-24 PROJECTED	2024-25 PROJECTED	2025-26 PROJECTED
E-12 LEGISLATIVE BUDGET AGREEMENT & RESTORATION OF SOME BUDGET CUTS					
STATE AID ASSUMPTION	2.45%	2.00%	1.25%	1.25%	1.25%
GENERAL FUND REVENUES	100,001,312	102,329,510	100,558,039	101,424,894	102,200,350
GENERAL FUND EXPENDITURES	98,595,426	104,642,005	107,199,378	109,823,969	114,062,474
UNASSIGNED FUND BALANCE	0	0	313,724	313,724	313,724
SPENDING VARIANCE	1,405,886	(2,312,495)	(6,955,063)	(8,712,799)	(12,175,848)

Budget Analysis of Expenditures



Student Based

Other

000-199	Administration & District Support Services
200-299	Regular Instruction
300-399	Vocational Instruction
400-499	Special Education Instruction
600-699	Instructional Support Services
700-799	Pupil Support Services
800-899	Sites, Buildings, Equipment
900-999	Fiscal & Other

Source: MFR reports MN Dept. of Education

Current Situation: Budget Analysis

Recent History

		ISD 720 2015-16	ISD 720 2016-17	ISD 720 2017-18	ISD 720 2018-19	ISD 720 2019-20
	Student Based	83.05%	83.61%	82.52%	82.05%	84.36%
	Other	16.95%	16.36%	17.68%	17.95%	15.64%
000-199	Admin. & Dist. Support Serv.	8.90%	8.41%	8.18%	7.68%	8.09%
200-299	Regular Instr.	46.14%	44.51%	44.42%	43.68%	43.85%
300-399	Vocational Instr.	0.84%	0.93%	0.68%	0.90%	0.95%
400-499	Special Education Instr.	19.36%	19.66%	19.26%	18.87%	19.54%
600-699	Instr. Support Services	8.53%	10.39%	9.77%	10.00%	11.10%
700-799	Pupil Support Services	8.17%	8.12%	8.39%	8.61%	8.93%
800-899	Sites, Bldgs., Equip.	6.68%	6.67%	8.19%	9.01%	6.12%
900-999	Fiscal & Other	1.37%	1.29%	1.31%	1.25%	1.43%
Totals		100%	100%	100%	100%	100%

Source: MFR reports MN Dept. of Education

Budget Analysis District Comparison

	STUDENT BASED	OTHER
BLOOMINGTON	84.55%	15.45%
SHAKOPEE	84.36%	15.64%
ISD 191	82.45%	17.55%
ISD 196	82.02%	17.98%
FARMINGTON	82.00%	18.00%
ECC	81.97%	18.03%
LAKEVILLE	81.97%	18.03%
EDEN PRAIRIE	81.65%	18.35%
MINNETONKA	81.38%	18.62%
HOPKINS	80.49%	19.51%
PRIOR LAKE	80.08%	19.92%
EDINA	79.67%	20.33%

Current Situation: Budget Analysis

Expenditure History

		SHAKOPEE SCHOOLS 2019-20 ACTUAL	SHAKOPEE SCHOOLS AFTER \$2,050,000 BUDGET CUTS [USING 2019-20 BUDGET AS REFERENCE]	SHAKOPEE SCHOOLS AFTER \$5,400,000 BUDGET CUTS [USING 19-20 BUDGET AS REFERENCE]	SHAKOPEE SCHOOLS Restoration of Some Budget Cuts [USING 19-20 BUDGET AS REFERENCE]
	Student Based	84.36%	85.03%	84.50%	85.06%
	Other	15.64%	14.97%	15.50%	14.94%
000-199	Admin. & Dist. Support Serv.	8.09%	7.62%	7.90%	7.61%
200-299	Regular Instr.	43.85%	44.78%	43.24%	45.03%
300-399	Vocational Instr.	0.95%	1.05%	1.11%	1.07%
400-499	Special Education Instr.	19.54%	19.59%	20.33%	19.60%
600-699	Instr. Support Services	11.10%	10.89%	11.16%	10.82%
700-799	Pupil Support Services	8.93%	8.72%	8.67%	8.53%
800-899	Sites, Bldgs., Equip.	6.12%	6.11%	6.29%	6.06%
900-999	Fiscal & Other	1.43%	1.25%	1.31%	1.27%
Totals		100.00%	100.00%	100.00%	100.00%

Source: MFR reports MN Dept. of Education

How did we get here?



State funding has not kept pace with inflation

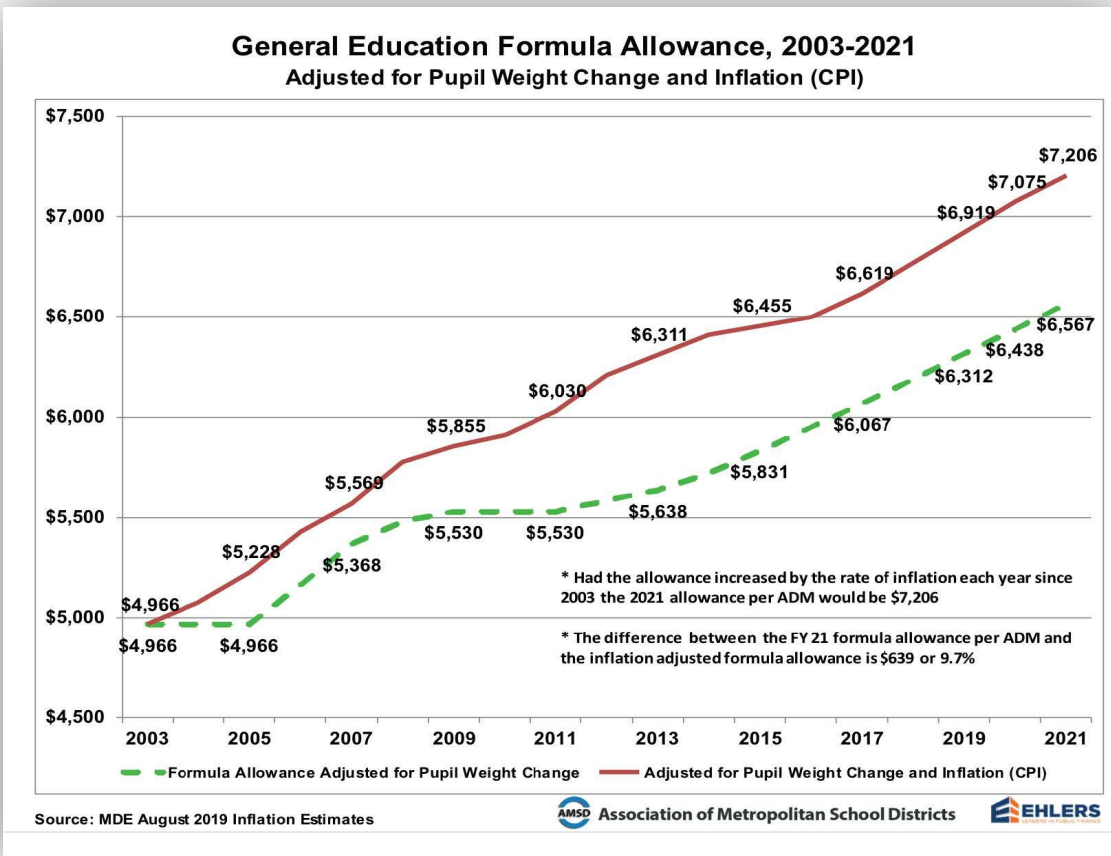
Special Education & English Learner cross subsidies

Lack of voter approved operating levy

How did we get here?

State funding has not kept pace with inflation

\$5.7M in additional annual funding not provided



How did we get here?

Special Education & English Learner cross subsidies -
\$8.1M per year (SPED) + \$1.4M per year (EL)

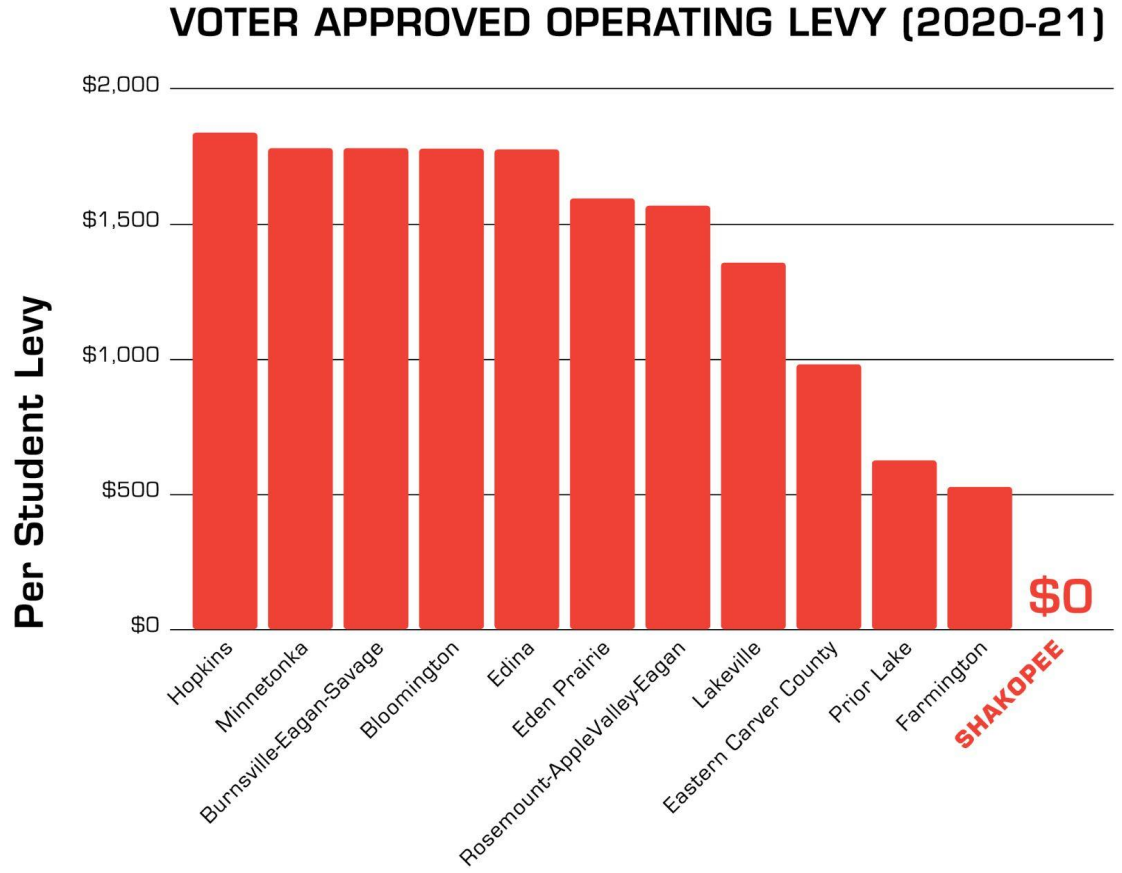
\$9.5M

*Shifted from general
fund each year*

How did we get here?

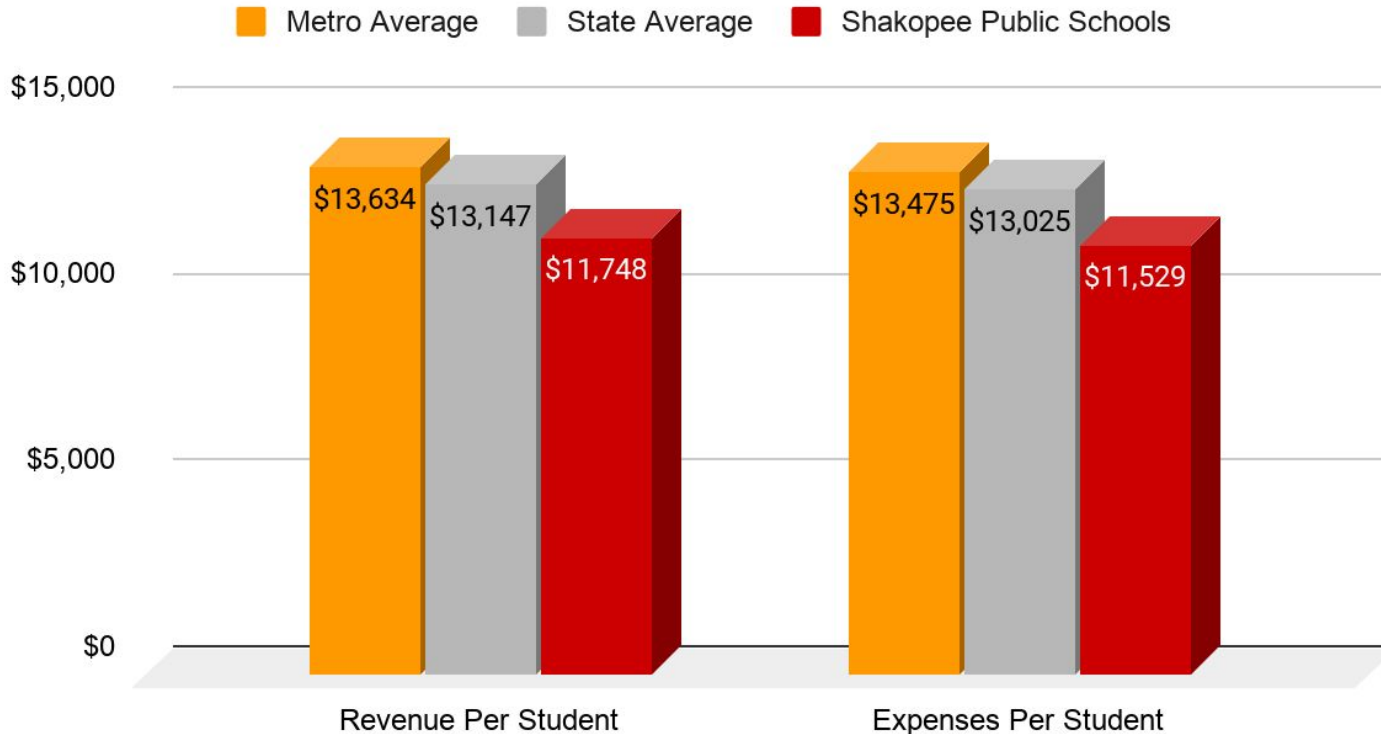
Lack of voter approved operating levy

- Shakopee is the only metro school district without a voter approved operating levy
- Metro average = \$1,267 per pupil, per year
- If Shakopee had metro average operating Levy = **\$11.03M revenue per yr**



How did we get here?

Comparison of Revenue & Expenses Per Student



Source: Bergen KDV,
District Audit 2019 Report
provided on November 23,
2020

How did we get here?

Receive \$1,886 less revenue per student than the metro average

If Shakopee Public Schools received the metro average in operating revenue per student it would amount to

\$15.7M per year

Current Situation: Which Path Forward?

Our District is facing a future with structural budget deficits

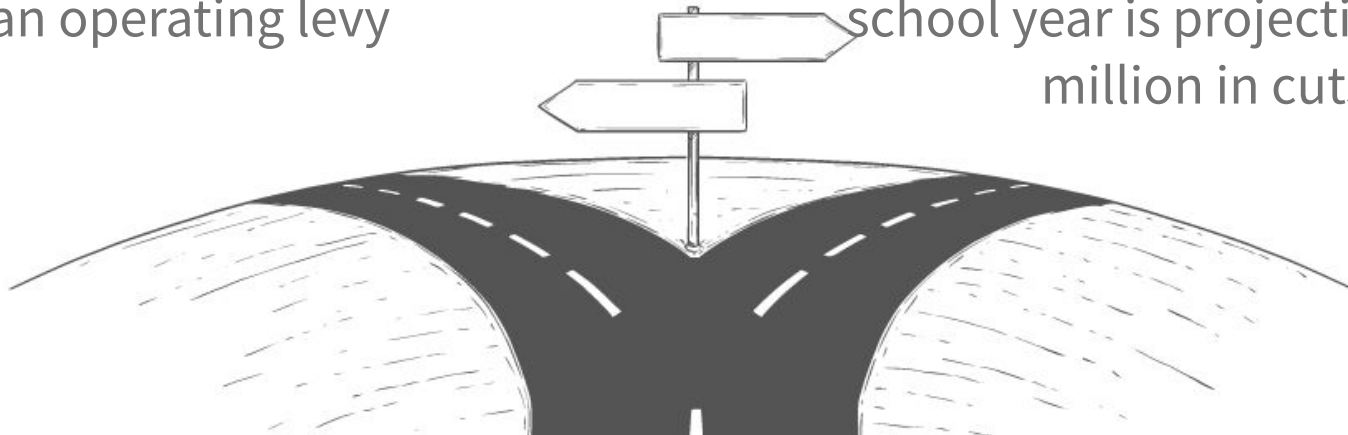
**Increase ongoing
annual operating revenue**

Only viable option to do this is
an operating levy

**Make large budget cuts every
few years**

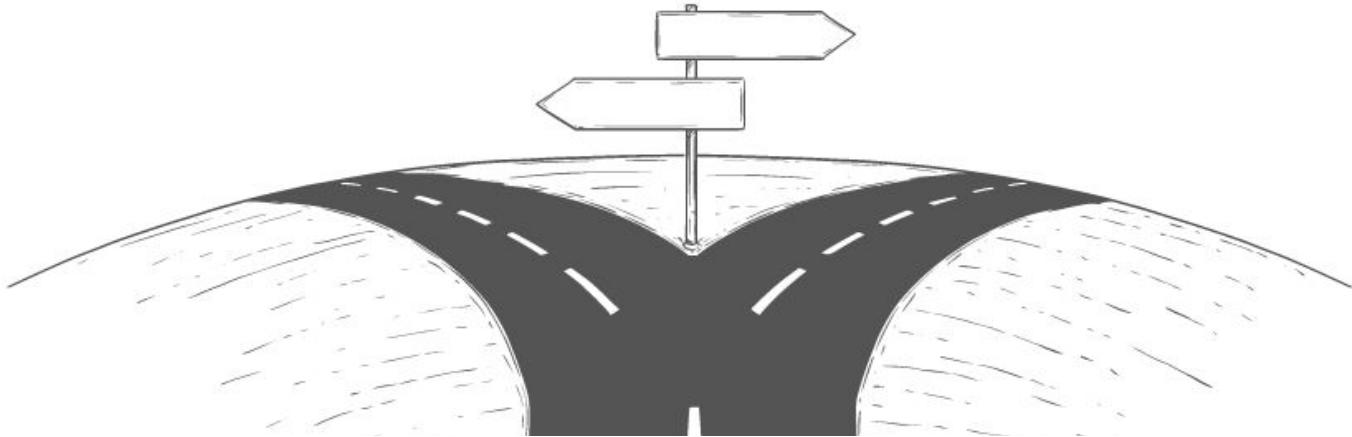
-OR-

For example, the 2023/24
school year is projecting \$5.082
million in cuts



Levy Path

Voters Approve an Operating Levy



Levy Path: Voters approve an operating levy *Question #1*

YES or NO

Shall the increase in the revenue proposed by the Board be approved?

\$866 per pupil generates \$7,537,951 in annual operating revenue

Shall the increase in the revenue proposed by the Board of Independent School District No. 720 be approved?

☐ YES ☐ NO

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

Levy Path: Question #1 Detail

- Eliminates projected structural budget deficits (FY24, FY25, and FY26)
- [Restoration of some of the budget cuts](#)
 - Classroom teachers
 - Counselors
 - Services closest to student learning



Levy Path: Question #1 Detail

Restoration of some of the \$5.4 million in budget cuts:

- Restore class size targets (same as 20-21 school year) \$2,533,100 in teacher FTE
- 5th grade band-- 1.25 FTE \$91,250
- 2.0 FTE EL teachers \$146,000
- 2.5 FTE High Potential Teachers \$182,500
- High School: 2.0 FTE Counselors \$146,000
- Middle Schools: 2.0 FTE Intervention Paraprofessionals \$66,000
- West: Security/Greeter position \$20,000
- Elementary Schools: 3.0 FTE Intervention Teachers \$201,000
- ACT student fee payments \$25,000
- College in the Schools/Concurrent Enrollment Courses \$40,000

TOTAL \$3,450,850

NOTE: \$1,949,150 of the \$5.4 million in cuts remain permanent budget cuts

Levy Path: Voters approve an operating levy - *Question #2*

YES or NO

Shall the increase in the revenue proposed by the Board be approved?

\$400 per pupil generates \$3,481,655 in annual operating revenue

Shall the increase in the revenue proposed by the Board of Independent School District No. 720 be approved?

☐ YES ☐ NO

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

Levy Path: Question #2 Detail

Improve compensation of teachers and support staff moving towards mid-range of comparable districts

- ESTIMATED COST: At least 60% of Question 2 revenue
(Minimum = \$2,088,993)

Make additional improvements to class size targets to reach metro average (ECSU)

- ESTIMATED COST: \$540,000

Increased fine arts and activities offerings

- ESTIMATED COST: \$200,000

Shorten walking distances for grades 9-12 to 1.5 miles

- ESTIMATED COST: \$360,000

Levy Path: Question #2 Detail

Question #1 **must pass** for
Question #2 to pass

Question #1 **can pass**
independently of Question #2



Levy Path: Recent Tax History

2021 school **tax decrease**

 **\$318***



**Based upon an average priced home valued at approximately \$317,000*

Levy Path: New Tax Impact for Question #1

With an **\$866 per student operating levy (Question #1)**, taxes would increase in 2022 by:

 **\$409* per year**
or \$34.08 per month

Note: This levy has no further increases in taxes in future years (i.e. 2023 and beyond).

**Based upon an average priced home valued at approximately \$317,000*

Generates...

\$409
of taxes
on a home

\$866
of funding
per student



On Average Priced Shakopee
home of \$317,000



Levy Path: New Tax Impact for Question #2

With an additional **\$400 per student** operating levy (Question #2), the additional new tax increase would be:

+\$189 per year
or \$15.75 per month

**Based upon an average priced home valued at approximately \$317,000*

Levy Path: Total Combined Tax Impact Both Questions

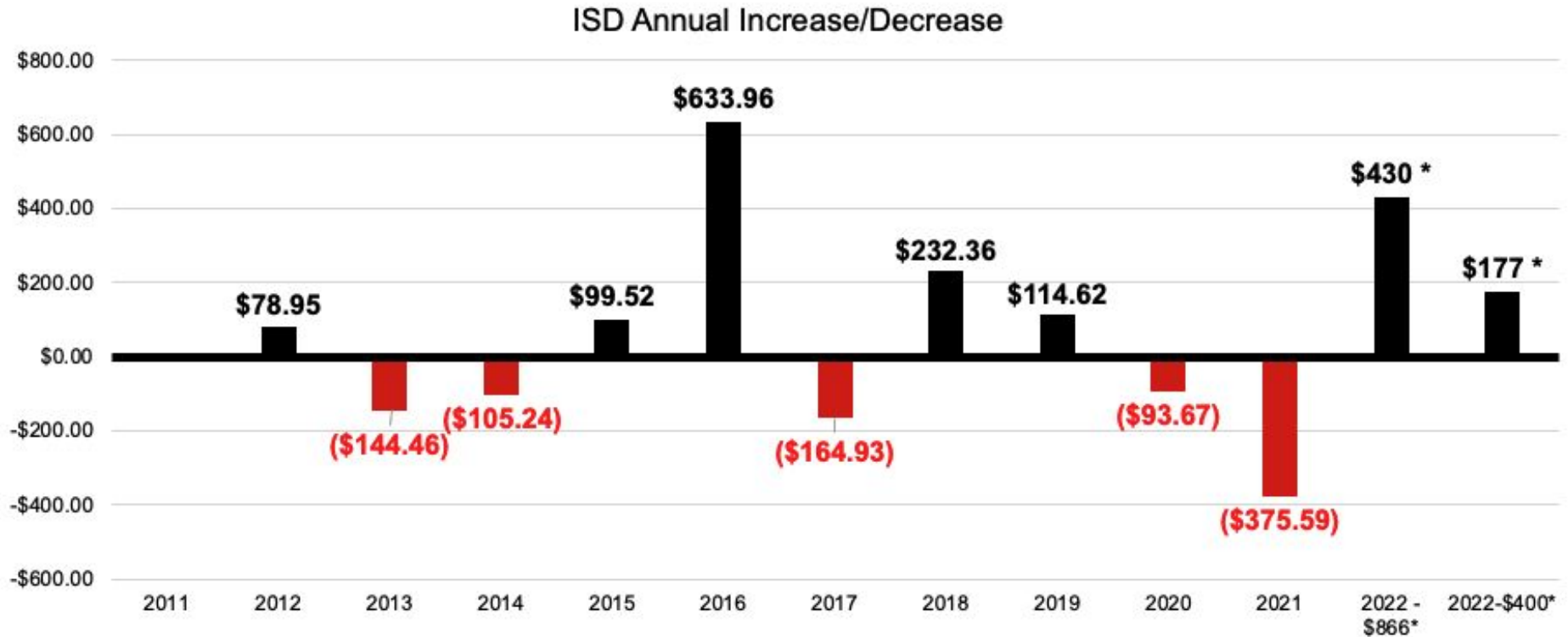
With an additional **\$1266 per student** operating levy (Questions 1 and 2), the additional tax increase would be:

+\$409 + \$189 = \$598 per year
or \$49.83 per month

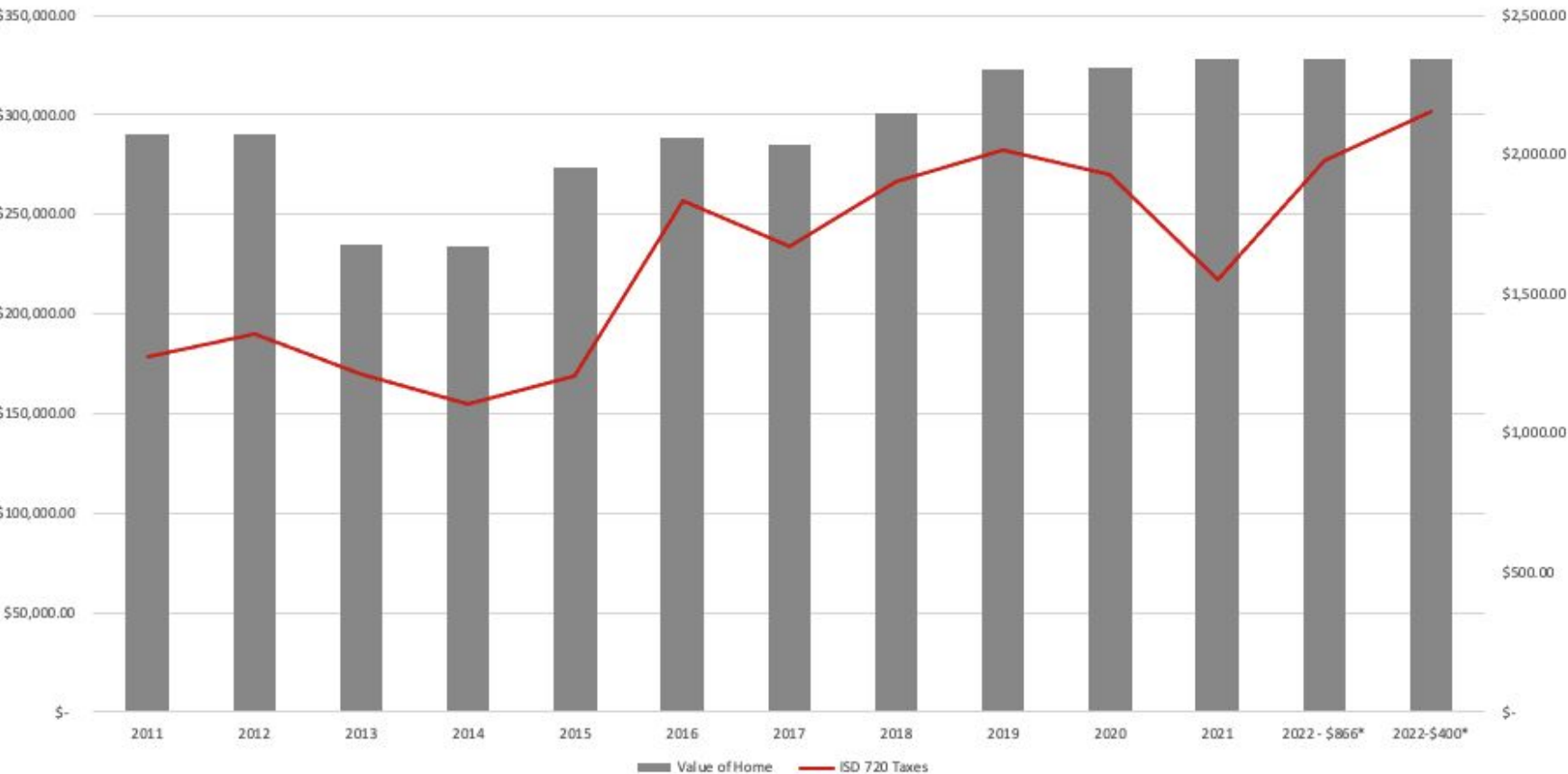
Note: This levy has no further increases in taxes in future years (l.e. 2023 and beyond).

**Based upon an average priced home valued at approximately \$317,000*

Personal Tax History

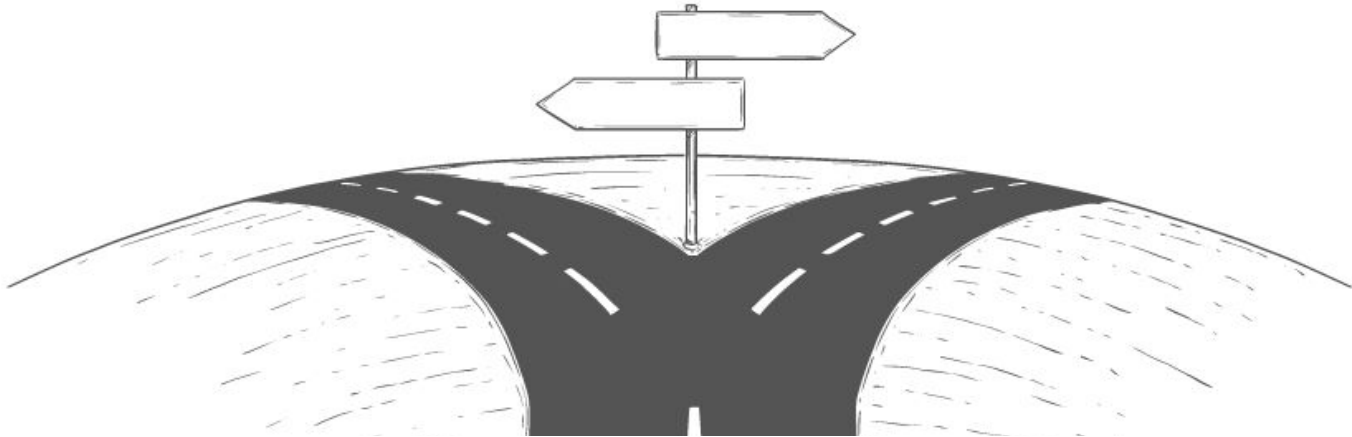


Personal Tax History



Budget Cut Path:

Voters Fail to Approve an Operating Levy



Budget Cuts Path: Regular Budget Cuts Every Two to Three Years

Future budget cuts

- **\$5,082,419** in budget cuts prior to the 2023-34 school year
- **Proportional cuts** across the entire district
- Additional **class size target increases**
 - Further **teacher cuts**
 - **ie. 60% of cuts = 40.65 Teacher FTE**
- A 'double share' of budget **cuts for athletics & activities**
- **Restructuring & elimination of programs**
- Alterations of **school schedules**
- Longer student **walking distances** (bus route adjustments)
- Others

FAQ

FAQ: State Funding

At the conclusion of each legislative session, there are many messages shared about what has transpired. The goal of the next two slides is to share specifics of current state funding for public schools.'

- **This year's funding ended up better than many expected.**
- One message being shared is that public schools will be receiving the largest amount of State funding ever for the 2021-22 school year. This message is true.
 - Technically, the per pupil formula and state funding for the next school year would have been the largest ever had it gone up by any amount.
- **Per pupil funding (basic revenue) increases by 2.45% for the 2021-22 school year.**

School Year	Per Pupil Formula Allowance
2021-22	\$6,728.00
2020-21	\$6,567.00
2019-20	\$6,438.00
2018-19	\$6,312.00
2017-18	\$6,188.00
2016-17	\$6,067.00

FAQ: State Funding

Year Over Year Increase (2020-21 to 2021-22 school year)

- PER PUPIL FUNDING INCREASE 2.45%
- TOTAL OPERATING BUDGET INCREASE 2.1%

How does a 2.45% increase in per pupil funding result in a 2.1% increase across the total operating budget?

ANSWER: The per pupil funding does not apply to every category within the operating budget. For example, it applies directly to the category General Education, but not to Special Education.

School Year	Per Pupil Formula Allowance
2021-22	\$6,728.00
2020-21	\$6,567.00
2019-20	\$6,438.00
2018-19	\$6,312.00
2017-18	\$6,188.00
2016-17	\$6,067.00

Changes to this year's funding are included in the district budget projections shared earlier in this presentation

- This year's state funding increase does not eliminate the future structural deficits
- How will the 2.1% increase compare to the rate of inflation

FAQ: Paths that are NOT Available

Use of COVID-19 Relief Funds

- Can only be used on specific expenses
- ‘One-time revenue’
 - It helps ‘one time’, the ongoing structural deficit may be diminished for a brief period of time but it doesn’t go away.



FAQ: Paths that are NOT Available

Deferred Maintenance & Facilities Improvements

- Dedicated funds that can only be used for deferred maintenance and facilities improvements.
- Cannot be used for operating costs.



FAQ: Paths that are NOT Available

Land Sales

- Cannot sell land or buildings and use the money to pay for operating expenses
 - Against the law.
 - When you sell land or buildings you can only use the proceeds to make additional capital purchases, things like land and buildings.



FAQ: Levies vs. Bonds

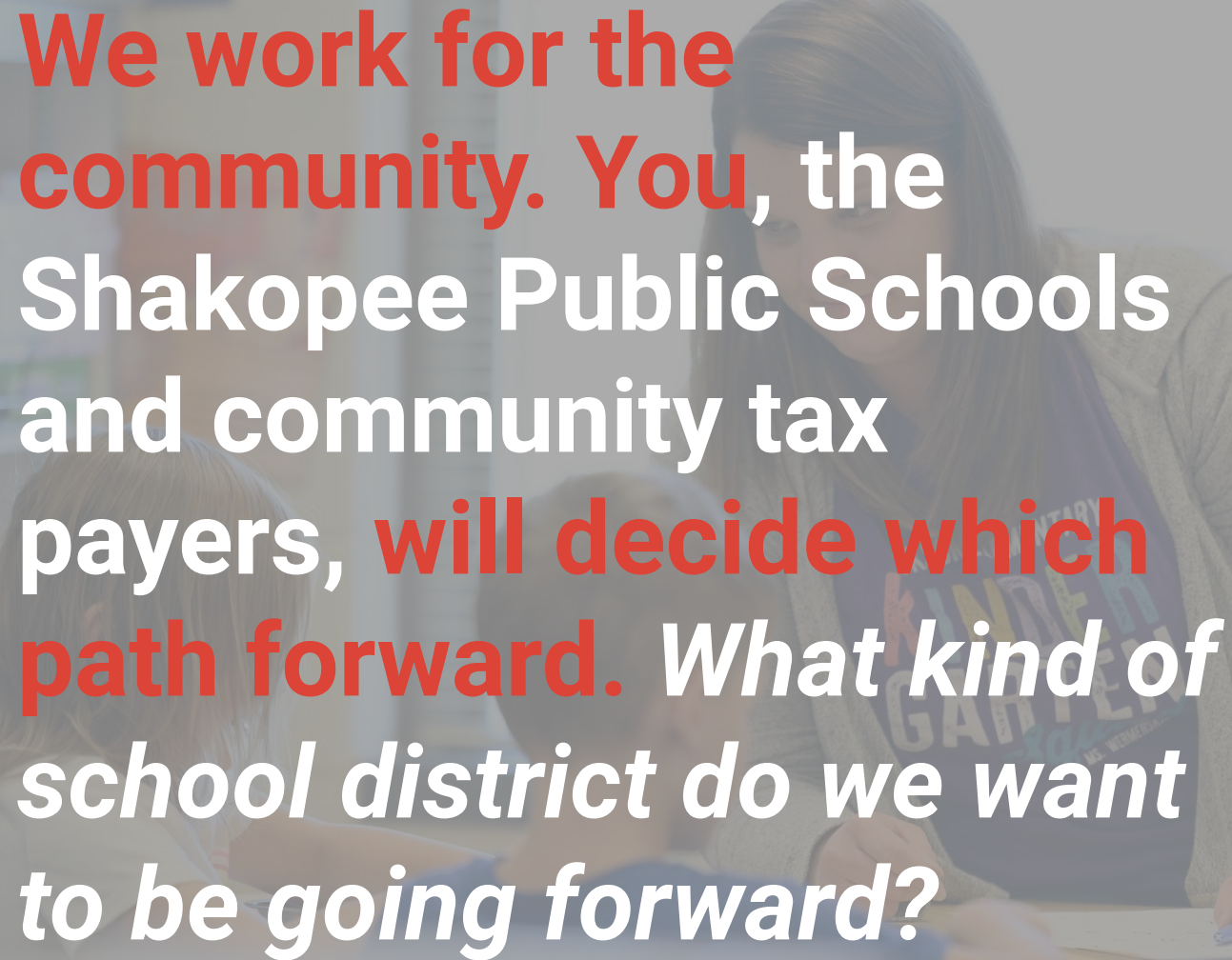
Bond = Buildings

Levy = Learning

Levy dollars pay for educational programs and day-to-day operations of schools, including teachers and staff support.

BOND
is for Building

LEVY
is for Learning

A woman with long brown hair, wearing a grey cardigan over a blue t-shirt, is leaning over a desk. She is looking down at a piece of paper, possibly a worksheet or a drawing, and appears to be helping two young students. One student is a girl with long brown hair, and the other is a boy with short brown hair. They are both looking at the paper. The background is slightly blurred, showing what looks like a classroom setting with shelves and other people in the distance.

**We work for the
community. You, the
Shakopee Public Schools
and community tax
payers, will decide which
path forward. What kind of
school district do we want
to be going forward?**

Community Member Questions

- Written questions may be submitted by members of the audience
- Questions regarding today's topic, the operating levy decision, will receive priority in terms of being answered during this Forum



2021 Special Election Important Dates

*Next Community Forum: August 19, 6:30-8pm
Thrust Stage, Shakopee High School*

- September 17: Absentee Voting Begins
- Voter Registration Applications: Due 20 days prior to election or must handle on November 2, 2021 at West Middle School
- November 1: Absentee Ballots Due
- **November 2: Special Election Day**
 - West Middle School
 - 7am - 8pm
- November 3: Unofficial Results of Election Shared



