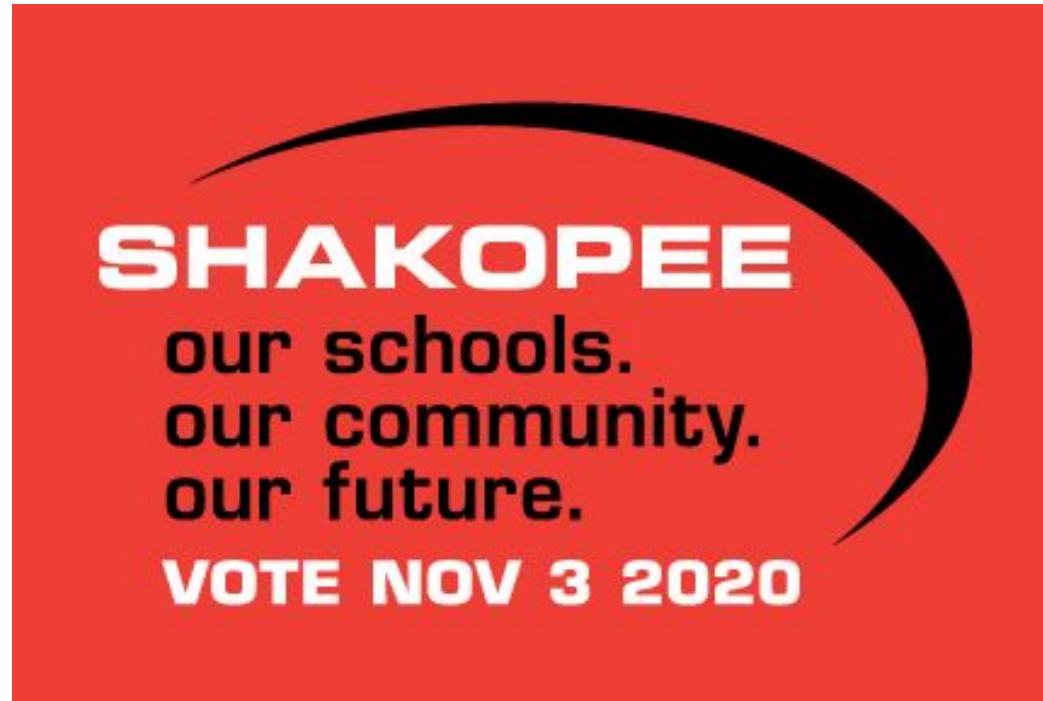


Levy 2020 Presentation



OUR SCHOOLS, OUR COMMUNITY, OUR FUTURE

- **76%** have trust and confidence in our teachers
- **72%** feel the quality of Shakopee's education is comparable to or better than neighboring districts
- **66%** of residents with an opinion give Shakopee Public Schools an A or B for education quality, which is higher than the national benchmark

June 2019 community phone survey

BEGIN WITH THE END IN MIND

WHY?

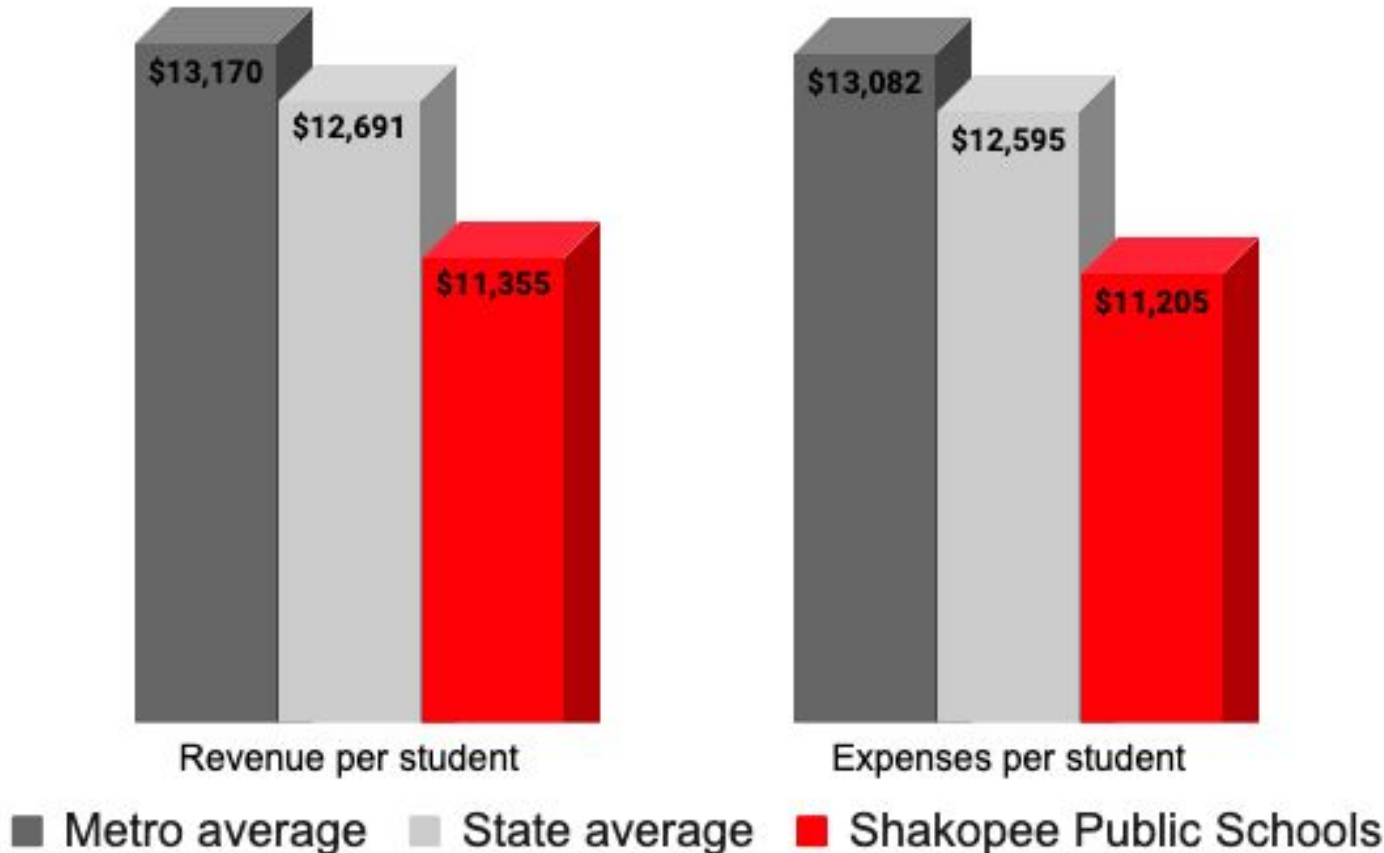
1. Maintain quality programming and learning opportunities for students
2. Attract, retain, and fairly compensate high-quality teachers
3. Build a path to long-term financial stability

OUR COMMITMENT TO KIDS

- Highly trained and highly skilled teachers
- Academies of Shakopee with small learning communities that provide real-life experiences to prepare students for life after high school
- Reasonable class sizes
- Quality learning programs and services, E-12
- Literacy program that helps improve students' reading and writing outcomes
- Wide range of extracurricular and athletic opportunities and activities
- Community partnerships for students and staff

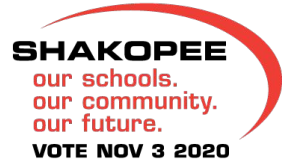
DEFINING THE CHALLENGE

Comparison of Revenue and Expenses Per Student (2018)



Shakopee receives **less funding** per student than both the metro and state averages - and also spends less per student - while still maintaining our quality programs and services.

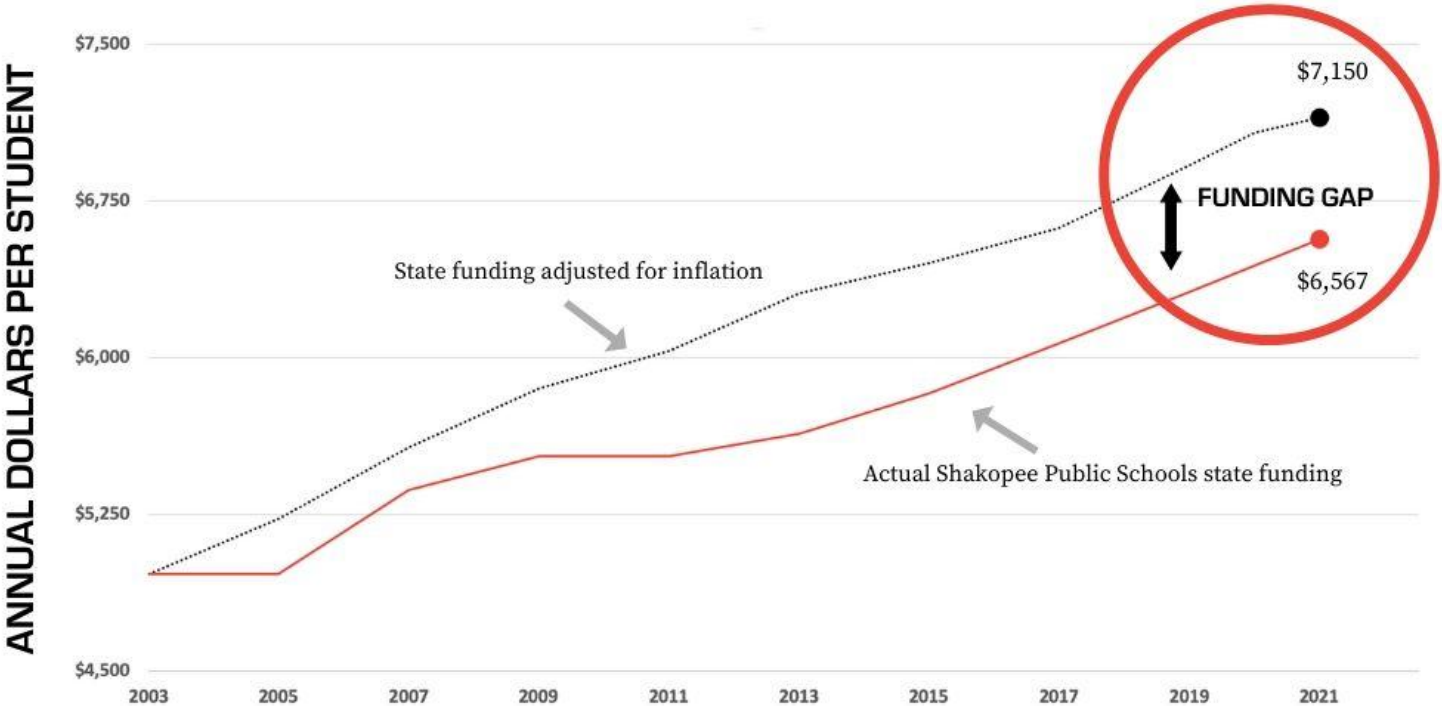
Source: Bergen KDV, District Auditors



DEFINING THE CHALLENGE

STATE BASIC GENERAL EDUCATION FUNDING PER STUDENT

Continued pressure on the budget a result of inadequate funding



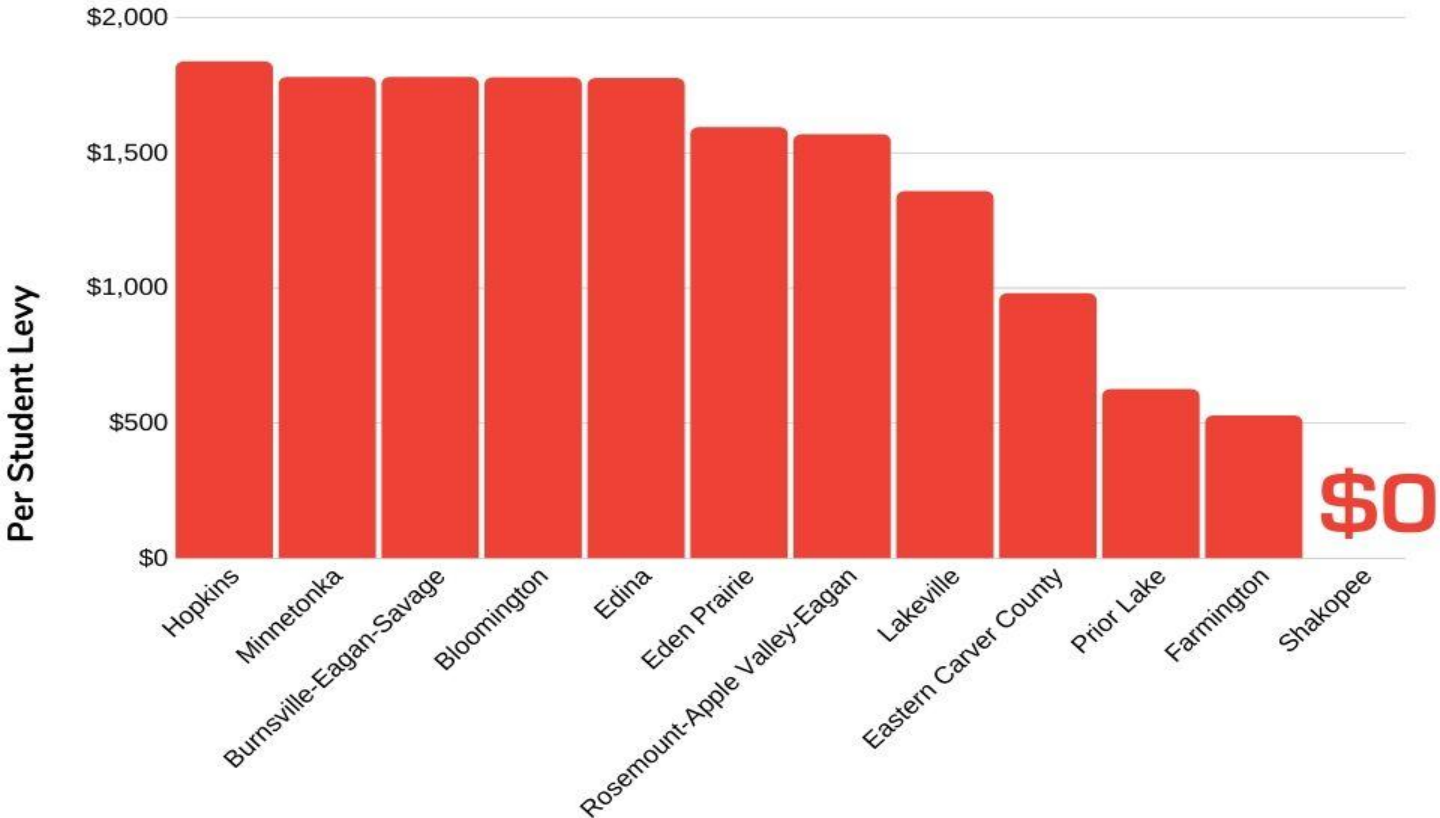
If state funding had kept pace with inflation since 2003, Shakopee Public Schools **would have received \$5 million** in additional state aid in the 2019-20 school year alone.

We also **pay nearly \$9 million annually for unfunded mandates** that are not reimbursed from the State or Federal government as promised.

Source: MDE February 2020 inflation estimates

DEFINING THE CHALLENGE

VOTER APPROVED OPERATING LEVY (2020-21)



Shakopee Public Schools has **no voter-approved operating levy**, putting us about \$1,250 per student below the metro average.

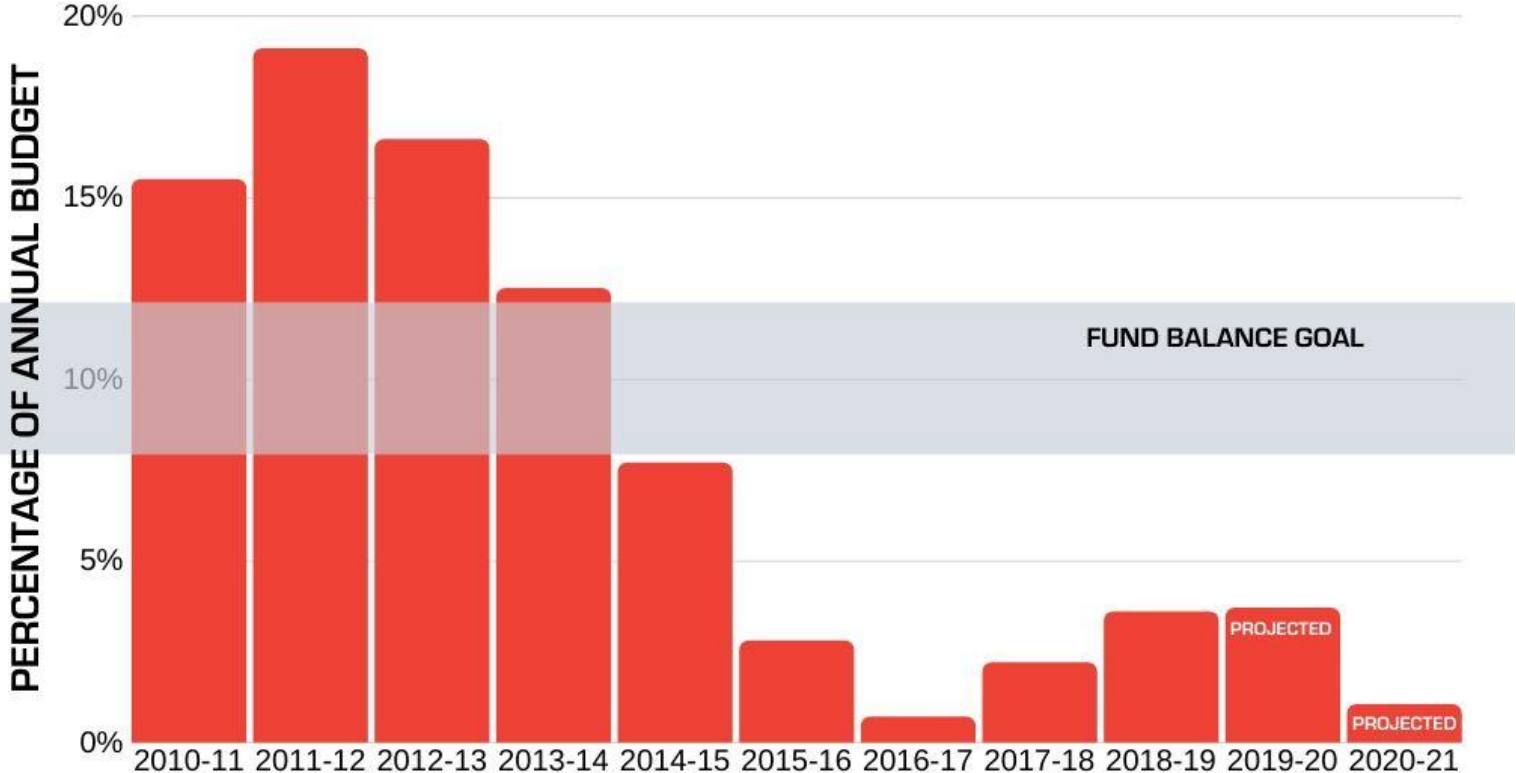
The last time local voters approved an operating levy increase was **more than a decade ago**.

Source: Minnesota Department of Education

DEFINING THE CHALLENGE

SHAKOPEE PUBLIC SCHOOLS UNASSIGNED GENERAL FUND BALANCE

Fund balance policy #714 states the district will strive to maintain an Unassigned General Fund Balance between 8 and 12% of the annual budget.

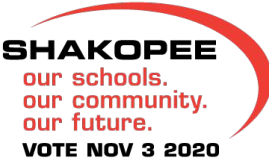


School districts maintain fund balances for financial stability, cash flow and unanticipated expenses.

We have **worked hard to rebuild the fund balance** in recent years.

Additional effort is required to rebuild the fund balance to a healthier level while maintaining our programs and services. There are **three options to rebuild the fund balance: reduce expenses, increase revenue, or a combination of the two.**

Source: Minnesota Department of Education



DEFINING THE CHALLENGE

GOAL: EXPENSES \leq REVENUE

- Looking ahead, our expenses are greater than our revenue
 - Inadequate state funding = funding gap
 - No voter-approved operating levy
 - Unfunded mandates
- **To fix the math problem**
 - Make budget cuts
 - Increase revenue through a voter-approved operating levy
 - Or both

DEFINING THE CHALLENGE

- **Budget cuts**
 - Solving the impending financial challenges using only budget cuts:
 - TOTAL CUTS NEEDED: **\$11,366,925** over five years
- **Additional operating revenue**
 - Solving the financial challenges using only an operating levy to generate additional revenue is too large a burden for our taxpayers
- **Combination of budget cuts and additional operating revenue**
 - A prudent, fiscally conservative and respectful path forward

DECISION-MAKING PROCESS

January - July 2020

- School Board and leadership discussions
- Citizens' Finance Advisory Committee meetings and recommendation
- Information shared with community via website, emails, mailed newsletter, Board meetings, coffee chats
- Input gathered via staff and PTO presentations, staff budget cuts survey, online input form, email, virtual community conversation, virtual school board and superintendent chats, board meetings
- Several options discussed by Board

Unanimous School Board decision: shared approach of budget cuts by district and request for operating levy to community

MAPPING A PATH TO THE FUTURE

SHARED APPROACH: BOTH/AND

Reduce expenses

- Permanent reductions through budget cuts

Increase revenue

- Operating levy - requires voter approval

PATH TO LONG-TERM FINANCIAL STABILITY

- Starting with the 2022-23 school year, and continuing each year after:
 - Add a minimum of \$500,000 to the unassigned fund balance
 - Continue until unassigned fund balance reaches \$10 million

DISTRICT: BUDGET CUTS

- 2020-21 school year
 - \$450,000 in budget cuts
- 2021-22 school year
 - \$1.6M in budget cuts
 - Does not include cuts to classroom teachers
 - Additional \$5.4M in budget cuts if voters do not approve levy on Nov 3
 - Includes cuts across the board, including: classroom teachers, class size increases, other staff at all levels, academic support positions, 5th grade band and middle school athletics

COMMUNITY: PHASED-IN LEVY

Operating levy request on Nov 3, 2020 ballot

- **Phased-in levy:** Rather than receiving for the total levy amount all at once, the levy revenue is phased-in over a period of four years
- Because the levy request is broken into smaller chunks over time, the **tax impact is also phased-in over time**
- Due to construction debt being paid off, we can increase operating revenue **with no tax increase until 2022**
- A **fiscally prudent, conservative and respectful** approach for taxpayers

PHASED-IN LEVY

Fiscal Year	Reductions	Levy \$ Per Pupil	Levy: New Revenue	End of fiscal year Unassigned Fund Balance GOAL	End of fiscal year Unassigned Fund Balance ACTUAL
2020					\$4,201,929
2021	\$450,000				\$2,109,659
2022	\$1,600,000	\$400	\$3,618,791		\$2,011,464
2023	\$0	\$300	\$2,714,100	\$2,511,464	\$2,536,659
2024		\$200	\$1,809,395	\$3,011,464	\$3,596,116
2025		\$100	\$904,698	\$3,511,464	\$4,253,206
2026	\$446,115			\$4,011,464	\$4,011,464
Total	\$2,496,115				

ESTIMATED TAX IMPACT

<i>\$280,000 Home (Average Home Value)</i>		
Tax Year	Net ANNUAL Change in Taxes	Net MONTHLY Change in Taxes
2021	-\$75	-\$6.25
2022	\$139	\$11.58
2023	\$90	\$7.50
2024	\$44	\$3.67
2025-2030	\$0	\$0
TOTAL	\$198	
<i>Average monthly net tax increase 2021-2024 (4 years)</i>		\$4.13

BALLOT LANGUAGE

The Board of Independent School District No. 720, Shakopee, has proposed to increase its referendum revenue authorization by the following amounts for taxes payable in the years specified:

- \$400 per pupil for taxes payable in 2021;
- An additional \$300 per pupil for taxes payable in 2022;
- An additional \$200 per pupil for taxes payable in 2023;
- An additional \$100 per pupil, for taxes payable in 2024.
- The total tax increase of \$1,000 per pupil will continue for taxes payable in 2025 to 2030;

The proposed new referendum revenue authorization would be applicable for ten (10) years, commencing with taxes payable in 2021, unless otherwise revoked or reduced as provided by law.

BONDS vs. LEVIES

- Bonds are for building, levies are for learning - legally separate funding streams
 - **Bonds cannot be used to pay for operating expenses**
 - Operating levies cover school and district operating costs
- 2015 referendum was for **bonds** to build the high school
- Last **operating levy** request was more than a decade ago
- **Education is a shared partnership** between the state and federal governments and local communities
- Operating levies are **one way local communities support their schools**
 - The majority of Minnesota school districts have voter-approved levies
 - Levies pay for critical expenses such as staff, classroom materials, bus transportation and school operations

SUMMARY: SHARED APPROACH

- **District budget cuts**
 - \$2M (2020-21 and 2021-22)
- **Operating levy request to community on Nov 3 ballot**
 - Funds would: maintain quality programming for students; support our high-quality teachers; build a path to long-term financial stability
 - Phased-in levy over four years - and phased-in tax impact over four years
 - No tax increase until 2022
- **If levy is not approved by voters**
 - \$5.4M in additional cuts, 2021-22

OUR SCHOOLS, OUR COMMUNITY, OUR FUTURE

93% of our residents agree “**Strong public schools are directly linked to the quality of life and viability of our community.**”

Education **funding is a shared partnership** between state and federal governments and local communities.

Working together
to keep our schools and our community strong!



QUESTIONS?



SHAKOPEE

our schools.
our community.
our future.

VOTE NOV 3 2020

Learn more:

www.shakopee.k12.mn.us

952.697.8710

referendum@shakopee.k12.mn.us