



Owatonna Public Schools

A Shared Partnership

July 13, 2020 School Board Meeting: Referendum Recommendation and Decision

Maintaining our commitment to inspire excellence for every learner, every day.

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MISSION

Inspiring Excellence.
Every Learner, Every Day.

VISION

Owatonna Public Schools inspires a
community of learners with equitable
access to high quality, innovative learning
opportunities ensuring all students are
college, career and life ready.

CORE VALUES

Build and Nurture Relationships
Develop and Maintain a Growth Mindset
Challenge the Status Quo

Overview of Presentation

- Community context
- Funding pressures
- Decision-making process
- Referendum recommendation
- Board discussion and vote

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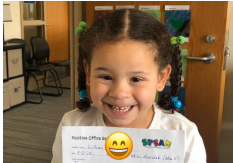
Strong Schools = Strong Communities

Our community recognizes that **strong schools help build strong communities**

- **94%** rate the job performance of **teachers** and instructional staff as **excellent or good**
- **93%** rate quality of **OPS education** as **excellent or good**
- **91%** agree the **community receives a good value** from its investment in our schools

(Fall 2018 Morris Leatherman community phone survey)

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We keep our promises

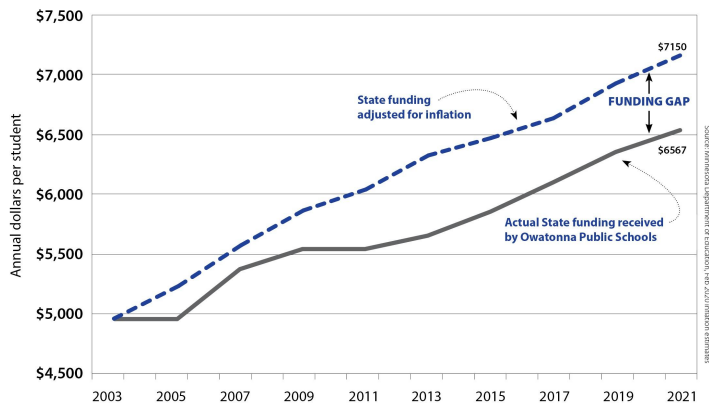
- **Trusted us** with a 7-year operating levy (expires 2021) to help fund school programs and services - **we've kept our promises!**
 - Balanced budgets every year
 - Maintained a reasonable fund balance for cash flow and unanticipated expenses
- **Saving taxpayers money** with lower than anticipated interest rates on 2019 bond
- **Bonds are for Building, Levies are for Learning**
 - Budgets for buildings are legally separated from budgets for operations
 - Bonds can't be spent on programs - and operating levy dollars are used to support classroom learning and related expenses
 - 2019 vote was for bonds for the high school

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Funding pressures increasing

State Basic General Education Funding per Student



State funding is not keeping pace with inflation or increasing educational costs. If state funding had kept pace with inflation since 2003, Owatonna Public Schools would have received an additional \$3 million last school year alone.

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Funding pressures increasing

- It takes resources to provide our students with the **education they deserve** once they are in the classroom
- Required academic and support programs **cost the district nearly \$7 million** more than it receives each year from the state / federal governments
- If our **operating levy is not renewed** in November 2020:
 - We will **lose \$2.5 million per year**, requiring cuts to programs and services
 - These cuts would be on top of **\$500,000 already cut** in 2019-20 and **\$2 million in cuts planned** for 2020-21

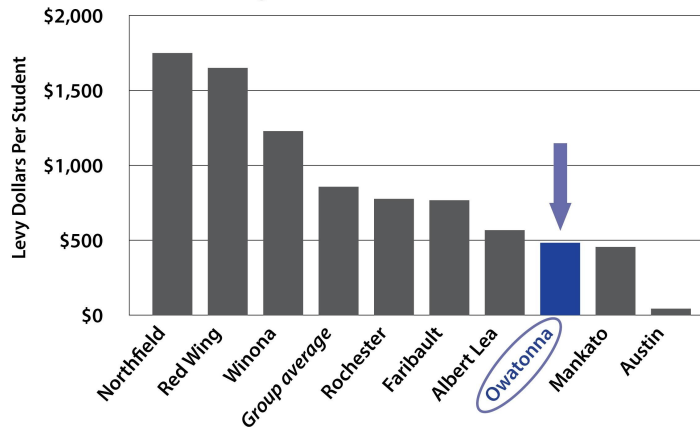
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Funding pressures increasing

Voter Approved Operating Levies

Big 9 School Districts, 2020-21



Our voter-approved operating levy is in the bottom third of the Big 9 schools - and lower than Faribault and Northfield. These levies are one way local communities support their schools and help pay for school operating costs.

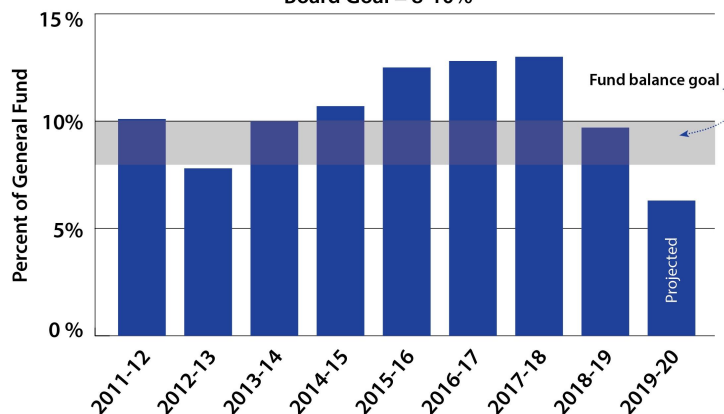
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Funding pressures increasing

Owatonna Public Schools Unassigned Fund Balance as Percent of General Fund

Board Goal = 8-10%



We work hard to keep a reasonable fund balance for financial stability, cash flow and unanticipated expenses. For the first time in several years, we are projected to fall below the Board's fund balance goal.

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Funding pressures increasing

We do our best to **stretch every dollar**

- We strive to be as **efficient** as possible while maintaining a **quality education** for our students - but this is becoming **increasingly difficult**

Without additional revenue to make up these gaps:

- We will be **forced to make cuts**, impacting class sizes, programming and staffing levels



Working together to address financial challenges

- Three options: **cut expenses, increase revenue through an operating levy or both**
- Education funding is a **shared partnership** between the state and federal governments and local communities
- By law, local **voters have the opportunity to provide additional funding** for their schools – whether to build buildings or to pay for classroom materials and staff costs

Decision-making process

- **Feb-March 2020:** Financial outlook presentations with staff
- **March-present:** COVID-19 response
- **May 7:** Finance Committee review of funding options
- **May 20:** School Board work session to review funding options
- **June 22:** Administrative recommendation brought to School Board
- **July 13:** *School Board vote on referendum recommendation*
- **Aug 31, Sept 1, Sept 2:** School starts
- **Sept 18:** Early voting begins
- **Nov 3:** Election Day



Referendum Recommendation: Shared Approach

- Discussed various options - preferred option is the **shared approach**:
 - **Belt tightening** through budget cuts on the district side ... and a request to voters to **increase our operating levy** on the community side
- **Recommendation: two questions** on the November 3 ballot
 - Q1: Renew existing levy
 - Q2: Increase levy in 2022 and in 2025
 - Phased-in levy = phased-in tax impact
 - Combined with \$5.25M in cuts over next three years



Referendum Recommendation: Shared Approach

- Two-question ballot
 - **Q1: Renew existing levy** previously approved by voters in 2013
 - 50 cents per month tax increase* for annual inflation adjustment
 - No new revenue
 - **Q2: Phased-in operating levy**
 - \$0 tax increase in 2021
 - \$10 per month tax increase* in 2022 and in 2025
 - \$1.6M additional annual revenue 2022-2024, + \$1.6M additional annual revenue 2025-2031
 - Contingent on Q1 passing

** Tax impacts are based on \$175,000 value home*

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Referendum Recommendation: Shared Approach

School District Question 1: Renewal of School District Expiring Referendum Revenue Authorization

The board of Independent School District No. 761 (Owatonna Public Schools), Minnesota has proposed to renew the existing referendum revenue authorization of \$482.90 per pupil, subject to an annual increase at the rate of inflation, that is scheduled to expire after taxes payable in 2020. The renewed referendum revenue authorization would be first levied in 2020 for taxes payable in 2021 and applicable for ten (10) years unless otherwise revoked or reduced as provided by law.

BY VOTING "YES" ON THIS BALLOT QUESTION, YOU ARE VOTING TO EXTEND AN EXISTING PROPERTY TAX REFERENDUM THAT IS SCHEDULED TO EXPIRE

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Referendum Recommendation: Shared Approach

School District Question 2: Approval of New School District Referendum Revenue Authorizations

The board of Independent School District No. 761 (Owatonna Public Schools), Minnesota has proposed to increase the School District's referendum revenue authorization by the following amounts per pupil for taxes payable in the years specified:

- \$300 per pupil, subject to an annual increase at the rate of inflation, for taxes payable in 2022 through 2024
- an additional \$300 per pupil, subject to an annual increase at the rate of inflation, for taxes payable in 2025 through 2030

The proposed new referendum revenue authorizations would be applicable for nine (9) years unless otherwise revoked or reduced as provided by law.

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

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Referendum Recommendation: Shared Approach

- Benefits
 - **Spreads out the tax increase** over time with phased-in levy
 - **No increase in 2021**, first tax increase in 2022, second in 2025
 - Partners with the community to **provide financial stability** for the next ten years
 - **Combines budget cuts** on district side with tax support on the community side
 - A fiscally **conservative and respectful approach** - only asking for what is needed, when it's needed
 - **Ag land is not taxed** on an operating levy question - only house, garage, and one acre

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Referendum Recommendation: Shared Approach

What if both questions pass?

- Financial stability through 2030-31
- Able to maintain quality programming and activities, appropriate class sizes and career-technical education programs

What if both questions fail?

- \$6.5M in additional cuts through 2022-23 - beyond the \$2M already approved for 2020-21; more if no additional funding
- Class size increases through teacher layoffs
- Cuts to school and district support services (ex: administrative, custodial, clerical, health care)
- Cuts to academics, activities, athletic and music programs



1 STRONG SCHOOLS. STRONG COMMUNITIES.

Our community recognizes that strong schools help build strong communities.

**We are
Owatonna proud.**



2 YOU VOTED. WE KEEP PROMISES.

In 2013, **voters approved a seven year operating levy** to help fund our schools' programs and services. This levy expires June 2021. You voted and trusted us to manage the money, and we've done exactly what we promised.



3 FUNDING PRESSURES.

We do our best to stretch every dollar, being as efficient as possible while maintaining a quality education for our students - but this is becoming increasingly difficult.



4 WORKING TOGETHER.

Education funding is a shared partnership between the state and federal governments and local communities. By law, local voters have the opportunity to provide additional funding for their schools.





Referendum Recommendation: Summary

- **Recommendation: two questions** on the November 3 ballot
 - Q1: Renew existing levy
 - Continues previously approved funding
 - Minimal tax impact for inflation adjustment
 - Q2: Increase levy in 2022 and in 2025
 - Phased-in levy = phased-in tax impact
 - No tax increase until 2022
 - Combined with \$5.25M in cuts over next three years

Board discussion and vote

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Maintaining our commitment to inspire excellence for every learner, every day.

Learn more:
<https://www.isd761.org/our-district/finance-facts>

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