

# White Bear Lake Area Schools Local Operating Levy Renewal Q & A

Updated November 1, 2011

- 1. Will the school district place a local operating levy renewal on the ballot in November, 2011?** On July 11, our School Board unanimously passed a resolution to schedule a local operating levy renewal referendum (not a tax increase) for this November 8. This vote will be a renewal of the same question that was strongly supported by our community in the fall of 2007.
  - 2. Will the school district ask for an increase in the local operating levy in November, 2011?** No. The School Board strongly supports a local operating levy renewal and is not seeking an increase.
  - 3. What does the local operating levy fund?** The local operating levy is used to run and operate schools - to keep the class sizes down and to improve core educational programs. The local operating levy is not used to fund facilities or buildings.
  - 4. Is there public support for a local operating levy renewal?** The current authority was approved by more than 63% of the voters in 2007. A survey conducted this spring shows strong community support for the renewal of the current local operating levy.
- Community leaders have endorsed the 2011 Local Operating Levy Renewal. Resolutions have been passed by White Bear Area Chamber of Commerce, Vadnais Heights Economic Development Corporation, and the City Councils of Hugo, Vadnais Heights, and White Bear Lake. The White Bear Township Board publicly recognized the importance of the levy.
- 5. How is the inflationary rate set?** The inflationary rate, which could increase or decrease, is set by the Minnesota Department of Revenue. The inflationary rate is expected to stay around 1 percent per year into the future.
  - 6. What determines the local operating levy amount?** The local operating levy amount is tied to District enrollment. If enrollment declines, the levy will decline and vice versa.
  - 7. How many school districts have local operating levies?** Almost 90% of school districts in Minnesota have local operating levies in place as state funding levels have changed little over the past two decades.
  - 8. What has the district done to reduce employer contributions to health insurance coverage?** During the last round of bargaining (2009-2011) the District implemented a high deductible health insurance plan. With that implementation, the District did not increase its contribution to health insurance coverage for either 2009-2010 or 2010-2011.

This past summer, the District bid its health insurance coverage and as a result will not be increasing its contribution to health insurance coverage for either 2011-2012 or 2012-2013.

This will result in four consecutive years in which the District did not increase its contribution for health insurance premiums for any employees.

- 9. What other efforts has the district made to control costs and reduce spending?** Just this past summer, the district replaced a retiring food services director with a director who is jointly-shared with the Roseville School District. This shared agreement will result in annual savings in excess of \$45,000 or about \$450,000 over the next ten years.

Through efficiencies using technology and staffing adjustments, the district reduced spending outside the classroom for the 2010-2011 and 2011-2012 school years by \$1.75 million. Those dollars have been used to help maintain some of the class size improvements that the district has made since the 2007 operating levy was approved.

The district has had the most efficient transportation system for any district in the East Metro area for many years. In fact, the district spends more than \$100 less per student in this area than neighboring districts. This has generated, on an annual basis, a savings on the cost of yellow busses of almost \$900,000. These funds are spent on instructional services for our students.

**10. If the operating levy renewal is passed, how will it impact my property taxes?** If the operating levy is passed, it will not increase your property taxes.

The levy that was initially authorized as a result of the operating levy passage in 2007 was \$14.8 million. Based on current projections, the projected property tax levy for the first year of the renewal (2012) would be \$14.8 million.

**11. If the operating levy renewal is not passed, how will it impact my property taxes?** If the operating levy renewal is not successful the reduction in property taxes would be \$16.67 per month per \$100,000 of assessed valuation.

**12. How often has the District asked voters for financial support?** State law only allows a district to ask for a maximum of ten years on these types of ballot questions. In 2007 the District asked for a five year authority which expires this December. The District is not asking for more money, rather a renewal of the levy that was passed in 2007.

**13. How did the action of the 2011 Legislature affect the amount of money the schools received in funding this year?** The legislature increased the funding per pupil by \$50 in 2012 and 2013; however, the overall impact of the state budget is that the District will receive about \$5 million less in cash during the school year, which brings the total amount withheld from the White Bear Lake Area School District to more than \$21 million. There is no plan in law to repay school districts.

School districts must pay for 100% of the cost to educate its students each year. Over the past four years the state budget has reduced the amount of money that is paid to school districts from 90% of what a district earns down to 60%. As a result the District will need to borrow money to pay its bills. The "increased" funding is meant to help defray the additional interest costs associated with the need to borrow.

**14. How will my taxes change for 2012 and beyond?** The school district is working to keep taxes as close to level as possible by two actions.

- First, the renewal of the operating levy will not increase current taxes and we anticipate it will stay close to the same level in coming years.
- Secondly, the district is working on restructuring our bond principal and interest payments on past improvements including the Oneka school built in 2006. By taking advantage of today's historically low interest rates, and our AA bond rating, our goal is to level the tax impact of the bond repayments.

Beyond these actions, this is a very complex problem that includes the governor, legislature, the county assessors, and all of the taxing bodies that affect a property tax bill.

For example, our district's current levy includes almost \$3 million that was previously paid to us by the state through state aid. State aid was reduced and districts had to increase property taxes to make up the loss. Similar issues have been passed down to counties, cities and townships, requiring them to add the lost revenue to property taxes.

The recent real estate market drop has also impacted property taxes. If one person's property has been reassessed, using the now deflated market values, and another person's has not yet been done, that second person will pay higher property taxes until they are reassessed.

The latest governor and legislature change has been to eliminate the homestead credit property tax credit. This will also cause a shift in what property owners will pay, increasing the share that many have to pay.

**15. Where can I find additional information about the District?** Additional information is available at the District's website, [www.whitebear.k12.mn.us](http://www.whitebear.k12.mn.us).