

Welcome to MREA's Virtual Meeting on Long Term Facility Maintenance

- The meeting will begin in a few minutes.
- To prepare please:
 - Do not show your video to conserve bandwidth
 - Mute your microphone
 - Have the handouts available for your district
- To ask questions, please use the chat feature in the lower right. Please identify yourself and district.
- Or you can unmute yourself to ask the question especially when we pause for questions.



Voice For Greater Minnesota Education

Closing the Facility Fallout Long Term Facility Maintenance

June 29, 2015

Thanks to Today's Presenters!

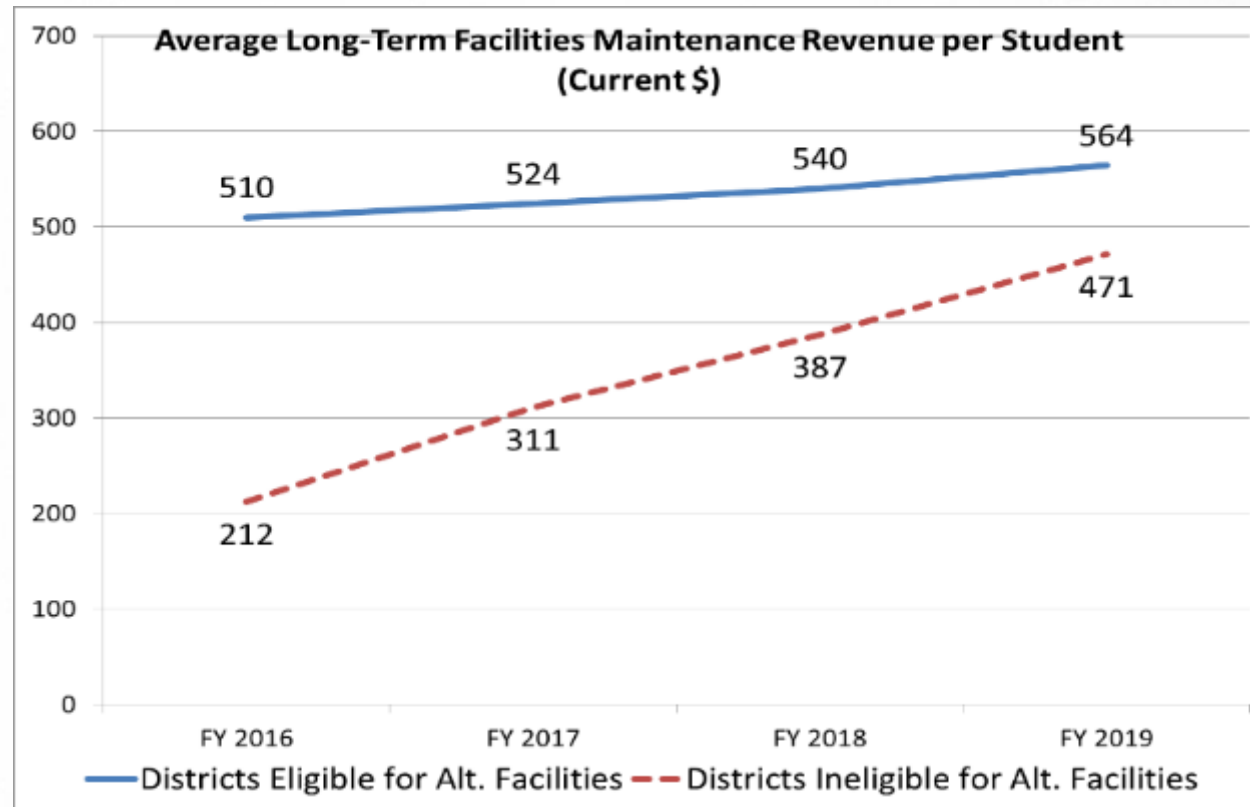
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Facility Fallout

- 2013 Omnibus E-12 Education Act
 - “To create adequate, equitable, and sustainable financing of public school facilities throughout the state.”
- 16 member working group
 - Started August 2013
 - Report January 2014
- The Findings--Two Defining Figures
 - \$2.79 per square foot
 - \$0.58 per square foot

State Facility Task Force Recommendations

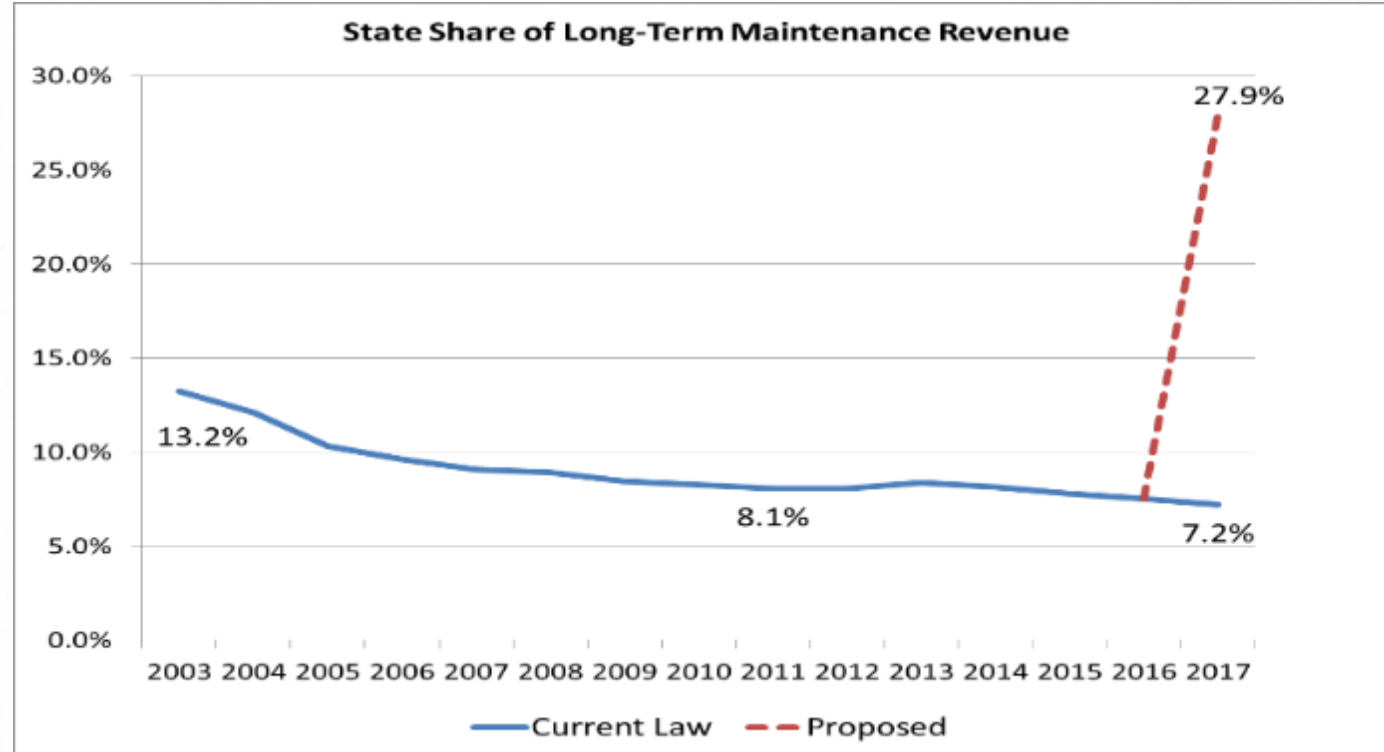
Gradually close the revenue gap between districts currently **eligible** and **ineligible** for alternative facilities revenue.



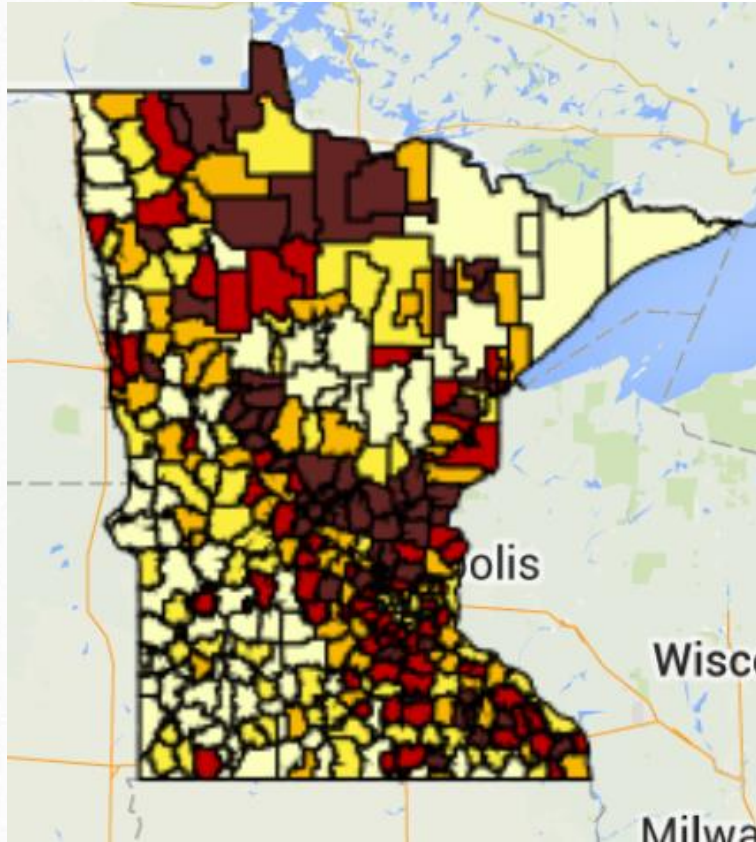
State Facility Task Force Recommendations

Improved
equalization
to **\$8,281**.
(Based on FY15)

Up from
current
equalizing
factor of
\$5,965.



ANTC/APU—Current tax base for facilities and debt service



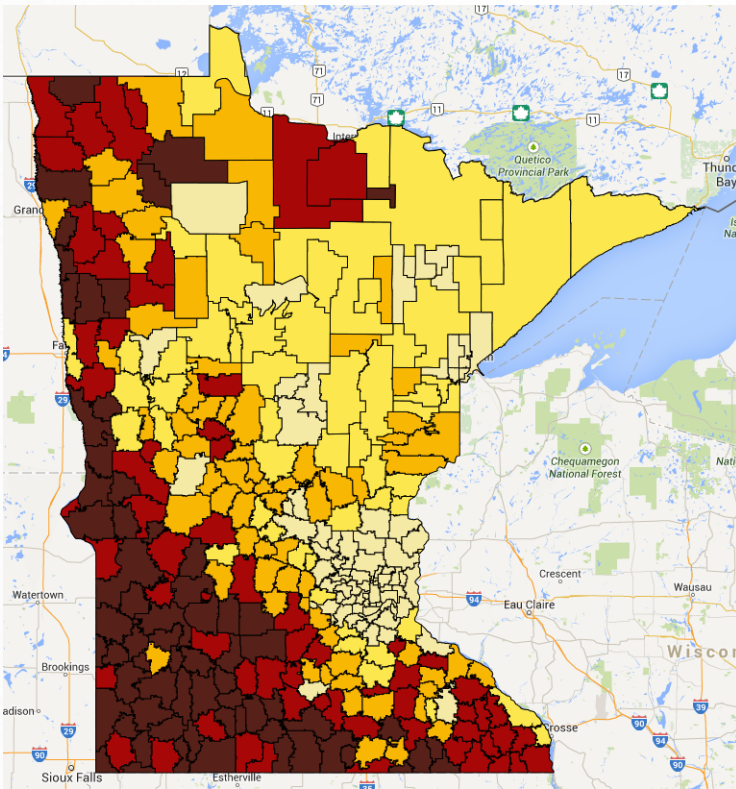
A Different Picture

The increased equalization
is not distributed equally
across the state

42% of districts will not see
any equalization at \$8,281

<http://maps.mnrea.org/Map/index?id=fc341a2b-05e0-4dd2-ac4c-c4c9b3f972c9>

Ag Land Values Affect ANTC

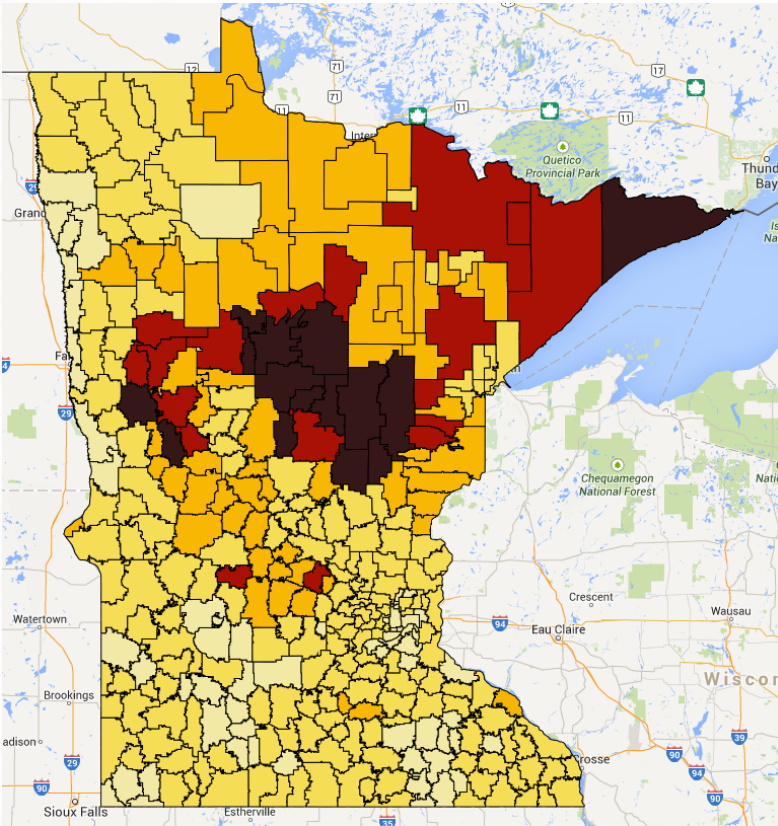


20% of district have
75% or more of
wealth in Ag Land

1/3rd have over 50%

<http://maps.mnrea.org/Map/Index?id=b24fa358-b74a-48eb-ae9b-fa1678a13ed1>

Seasonal Rec Affects ANTC



Seasonal Rec is similar to
Ag land

affects a much smaller
percentage of districts and
very concentrated

[http://maps.mnrea.org/Map/
Index?id=009ebf17-cb56-
4bd2-9abd-ba65aac66bb8](http://maps.mnrea.org/Map/Index?id=009ebf17-cb56-4bd2-9abd-ba65aac66bb8)

FACILITIES AND TECHNOLOGY

Included in Final Bill:

Long-Term Facilities Maintenance Revenue (Senate)

- Adopts modified version of School Facilities Funding Working Group Recommendation, beginning in FY 2017:
 - Rolls current deferred maintenance, health and safety and alternative facilities revenues into new long-term facilities maintenance revenue program.
 - New long-term facilities revenue equals the sum of the product of:
 1. \$193 / APU for FY 17, \$292 for FY 18 , and \$380 for FY 19 and later, and
 2. the lesser of 1 or the ratio of the district's average building age to 35 years,
 - Plus the approved cost of indoor air quality, fire alarm and suppression, and asbestos abatement projects with a cost per site of \$100,000 or more.

FACILITIES AND TECHNOLOGY

Long-Term Facilities Maintenance Revenue (Senate) (Continued)

- The 25 large districts currently eligible for alternative facilities revenue continue to be eligible for revenue based on approved project costs, without a state-imposed per pupil limit.
- Members of intermediate districts and cooperatives may levy for proportionate share of intermediate / coop costs in addition to the regular allowance, with approval by school boards of all member districts.
- Equalized revenue is limited to \$193 / APU for FY 17, \$292 for FY 18 , and \$380 for FY 19 and later.
- Districts may choose to issue bonds for the program, levy on a pay as you go basis, or a combination of the two.

FACILITIES AND TECHNOLOGY

Long-Term Facilities Maintenance Revenue (Senate) (Continued)

- For purposes of calculating equalization aid, the ANTC is reduced by 50% of the value of Class 2a Agricultural land.
- The aid / levy mix for the equalized portion of the revenue is calculated using an equalizing factor of 123% of the state average ANTC / PU, calculated using the 50% exclusion for ag land.
- Levy equalization for the program is the same regardless of whether the district chooses to issue bonds or make an annual pay-as-you-go levy. Debt service levies under the program are excluded from regular debt service equalization.
- All districts are guaranteed to receive at least as much revenue and at least as much state aid as they would have received under existing law.

LTFM Revenue may be used for:

- (1) Deferred capital expenditures and maintenance projects necessary to prevent further erosion of facilities;
- (2) Increasing accessibility of school facilities; or
- (3) Health and safety capital projects under section 123B.57

(b) A charter school may use revenue under this section for any purpose related to the school

LTFM Revenue may NOT be used:

- (1) for the construction of new facilities, remodeling of existing facilities, or the purchase of portable classroom
- (2) to finance a lease purchase agreement, installment purchase agreement or other deferred payments agreement
- (3) for energy-efficiency projects under section 123B.65, for a building or property or part of a building or property used for postsecondary instruction or administration or
for a purpose unrelated to elementary and secondary education; or
- (4) for violence prevention and facility security, ergonomics, or emergency communication devices

State-Wide LTFM Revenue, Levy, Aid

Fiscal Year	Total Revenue	Total Levy	Total Aid
(Current) 2015	\$ 353,788,317	\$ 331,691,693	\$ 22,096,624
2017	\$ 385,422,818	\$ 327,547,262	\$ 57,875,556
2018	\$ 433,264,443	\$ 352,279,505	\$ 80,894,938
2019	\$ 478,651,542	\$ 375,282,091	\$ 103,369,451

Fiscal Year	Revenue Increase	Levy Increase	Aid Increase	Rev per APU	Increase Rev per APU
(Current) 2015				\$ 411	
2017	\$ 31,634,501	\$ (4,144,431)	\$ 35,778,932	\$ 448	\$ 37
2018	\$ 47,841,625	\$ 24,732,243	\$ 23,019,382	\$ 503	\$ 55
2019	\$ 45,387,099	\$ 23,002,586	\$ 22,474,513	\$ 556	\$ 53
2015 to 2019	\$ 124,863,225	\$ 43,590,398	\$ 81,272,827		\$ 145

What do you need to find your district's Revenue, Levy, and Aid

- Find your district's row in the '17, '18, '19 sheets
- Increases are from the 2015 base, not year to year
- The levy increase shown does not show the capital levy offset which is decreased for a state-wide net zero levy increase.
- For more accurate \$'s and bonding options
 - Contact your financial advisor
 - Both Ehlers and RW Baird can model this for districts
- Questions? *Use chat or unmute to ask ?'s*

Required 10 year plan form expected to be on line soon
Watch for MREA Virtual Meeting on 10 year planning TBD

Referendum and LOR (2013-14)

Equalization
is statewide.

State's share now 21%

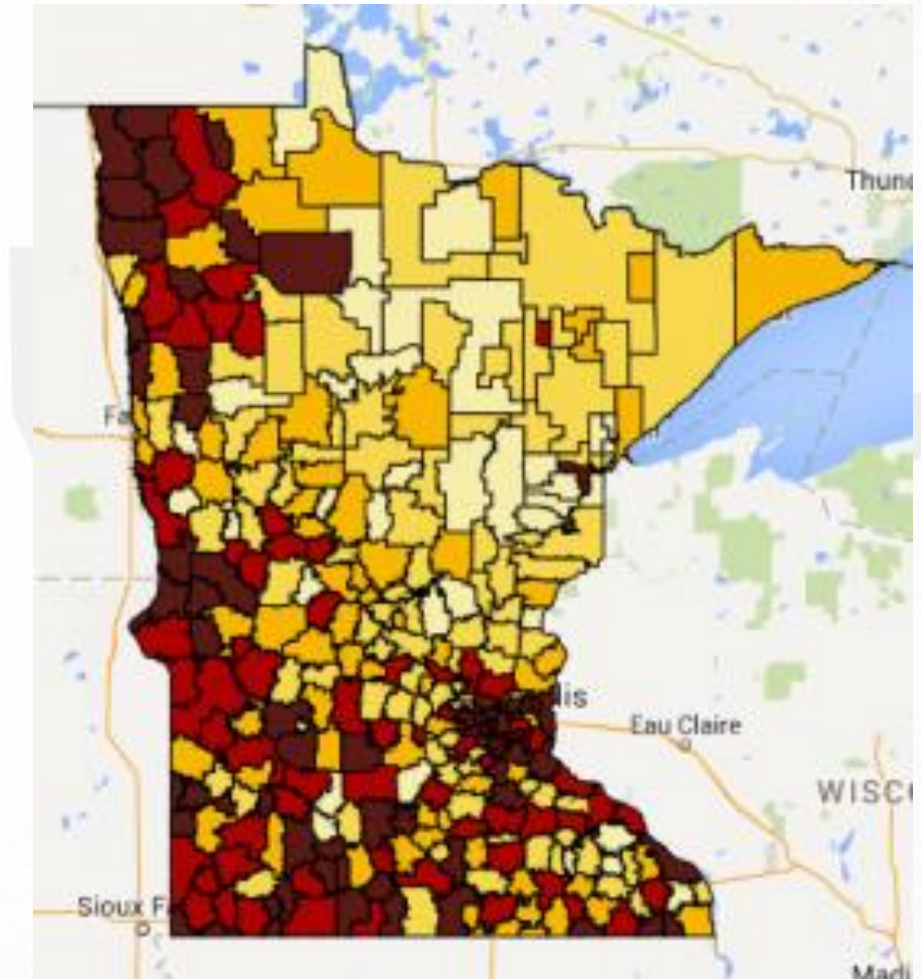
It was 11% in 2013

State-wide rev up 30%

Median Ref & LOR: \$860

Let's view the interactive map:

<http://mnrea.org/map-shows-impact-of-lor-decision/#!prettyPhoto>



Referendum Strategy:

LOR + Equalization = Opportunity

- RMV/RPU Changes

Tier 1	<\$880,000	\$0-300
Tier 2	<\$510,000	\$301-760
Tier 3	<\$290,000	\$761-1457

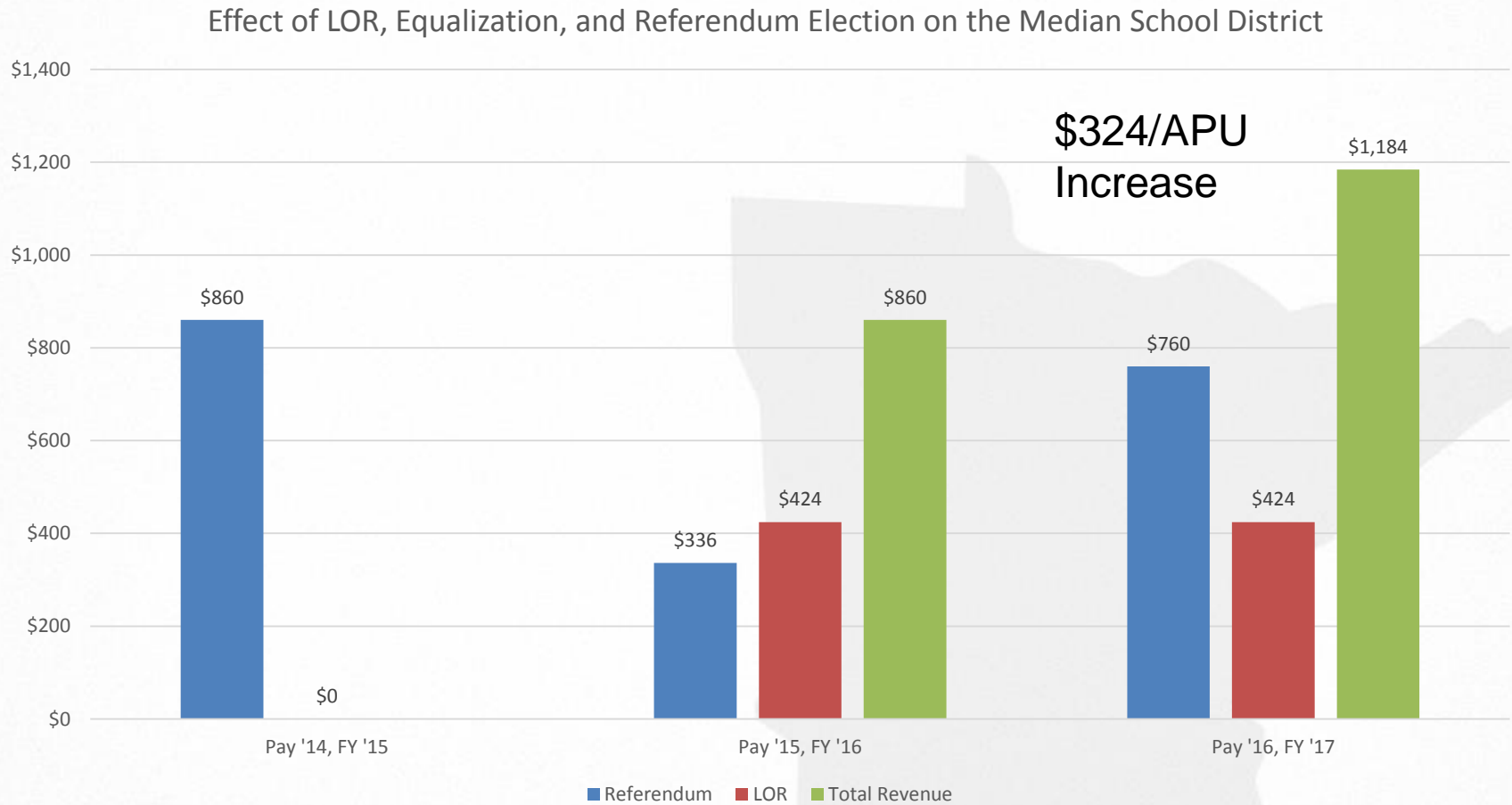
- LOR equalized at Tier 2

- Adds \$424 to Tier 2 (\$301-\$1184) & Tier 3 (\$761-\$1881)
- Tax reductions in Pay '14 and '15

- LOR reduces referendums by \$424

- Provides an opportunity Nov 3, 2015

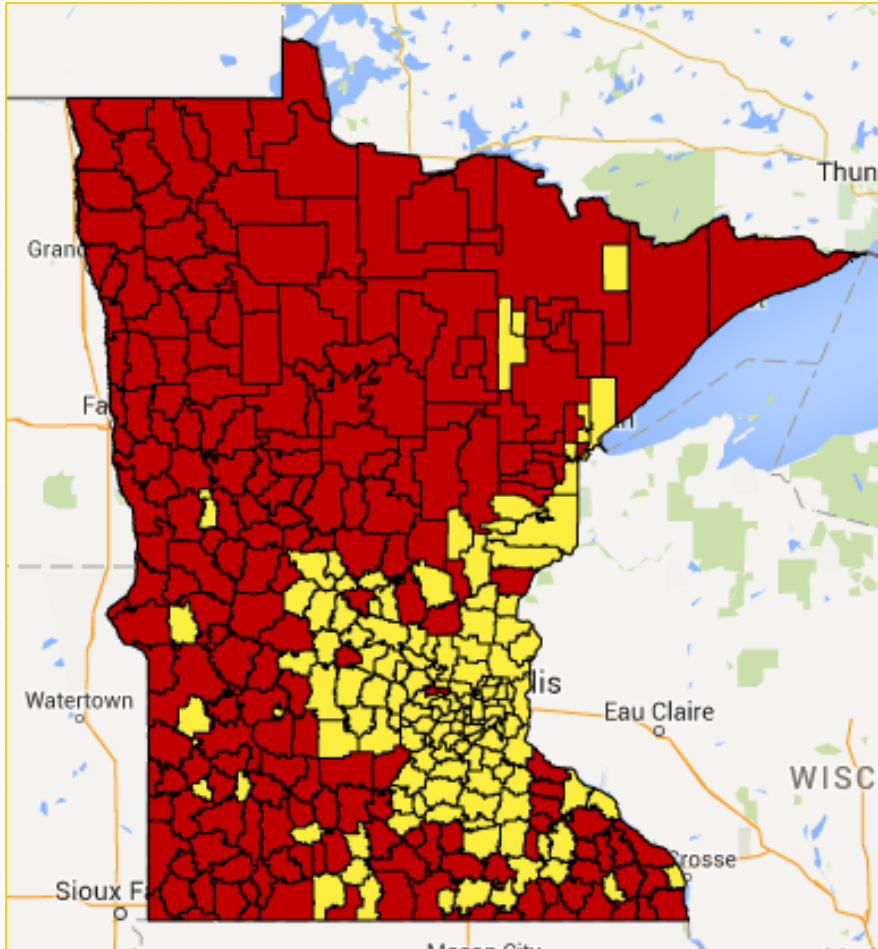
Example of District Revenue per APU with Median Referendum of \$860 and <\$510,000 RMV/RPU



146 MREA Member Districts have unused Referendum Equalization as in the Example

- Access does require voter approval
- The tax base is different
- For districts with little or no LTFM equalization, an equalized referendum could be an attractive alternative
- For more accurate \$'s and borrowing options
 - Contact your financial advisor
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- Questions? *Use chat or unmute to ask ?'s*

MREA Membership



**Serving 199
school districts
as well as the
education districts
and service
cooperatives in
Greater Minnesota.**

**2015/16 renewals have been emailed
to sups, and paper copies mailed.**

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MREA 2015 Annual Conference

- Save the Date: Nov. 15-17
- Craguns
- Great Beginnings: When Learning Starts Early, Inspires and Applies.
 - The practical-how to get high quality
 - The research-the early brain development
 - The economic benefit-to community & region
- Early Bird Registration for a Team of 3
 - Absolutely your best deal, Open May-July

Thank You, Feel Free to Contact MREA

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