



LEGISLATIVE UPDATE

What's Next for Rural Schools?

November 16, 2015

What's Next for Rural Schools?

Governor Dayton: Done campaigning

Senate DFL: Facing election; last time was 2012

Senate GOP: Hold DFL counterparts accountable for two budget cycles of work

House GOP: Up for election; defending 'rural' majority won in 2014

House DFL: Hold GOP accountable for results of 2015-16; what did they do for rural MN?

Presidential election impact on Minnesota's Legislative races

2016 Session Dynamics

Governor Dayton -

- Bonding and Supplemental budget priorities
- Positioning for his last major budget in 2017

Senate DFL -

- Large bonding bill (\$1.1B+)
- Transportation bill (Gas tax? General fund obligations?)

House GOP -

- Tax cuts/fend off gas tax increase
- Keep a lid on the bonding bill (\$850M) and supplemental spending

12 week crash course session (March 8 – May 23)

November Budget Forecast (12/3/15)

- Revenues are up; what about expenditures?
- Portion of surplus automatically deposited into the Budget Reserve and other accounts
- One-time money left over from the close of last biennium
- Crystal Ball says.....

February budget forecast update as begin session March 8...

Opportunities for Education in 2016 Supplemental Budget Bill

How does E-12 funding usually do in a supplemental budget bill?

One-time funding requests versus on-going requests

What didn't Dayton get in 2015 that he might revisit?

- Universal Pre-K
- Special Education Funding

Emergence of Community Broadband Funding

Opportunities for Education in 2016 Supplemental Budget Bill

Education funding pressure points:

- Formula: desire for more than 2&2
- TD&E: getting all districts access to TD&E support
 - *QComp as the strategy?*
- TRA: actuarial study shows gap in funding and obligations
 - who should cover the cost?
- Support staff groups want more financial support
- Push for more technology and connectivity

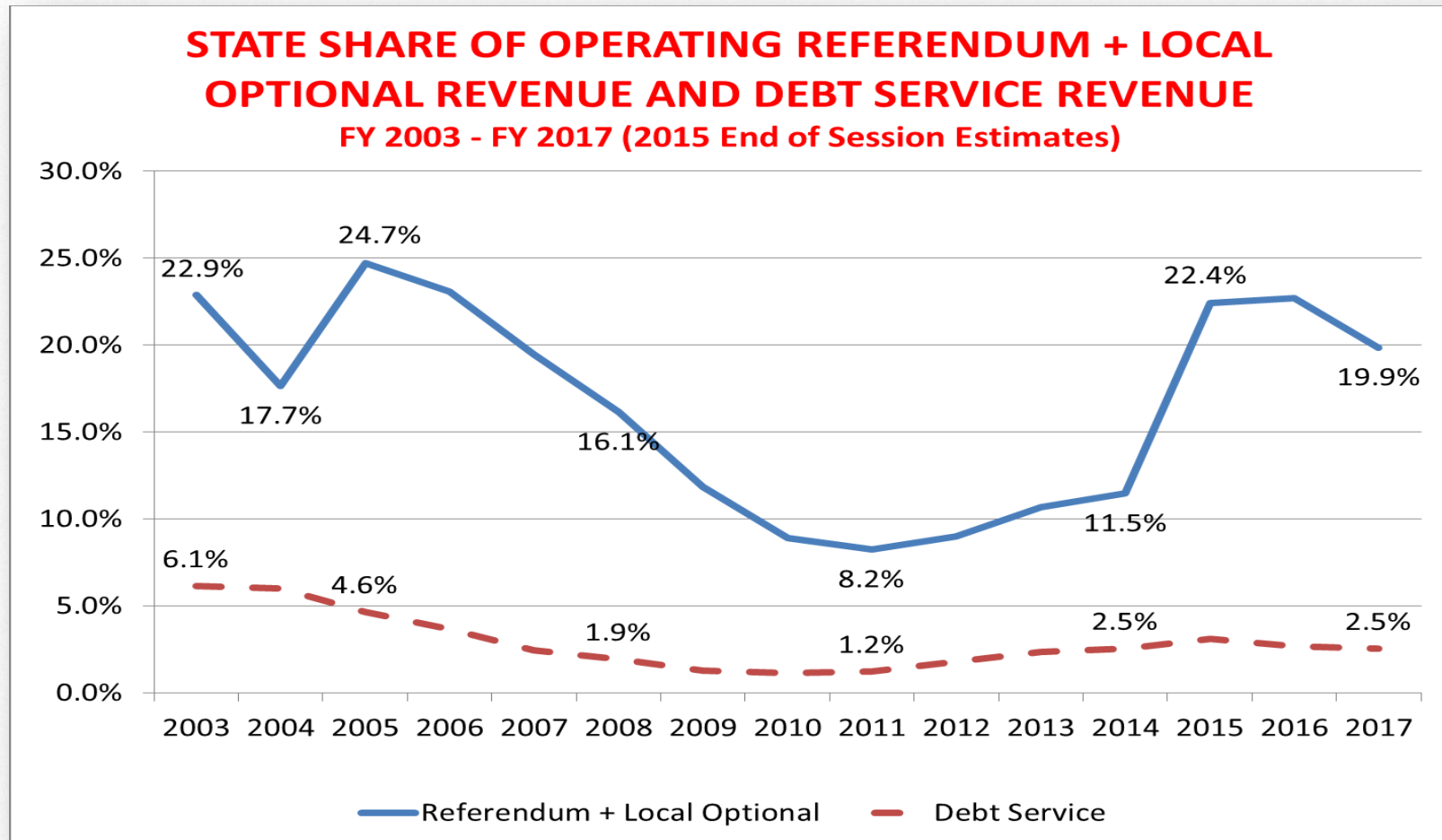
Opportunities for Education in 2016

Tax bill

Hammering away at Facility Fallout

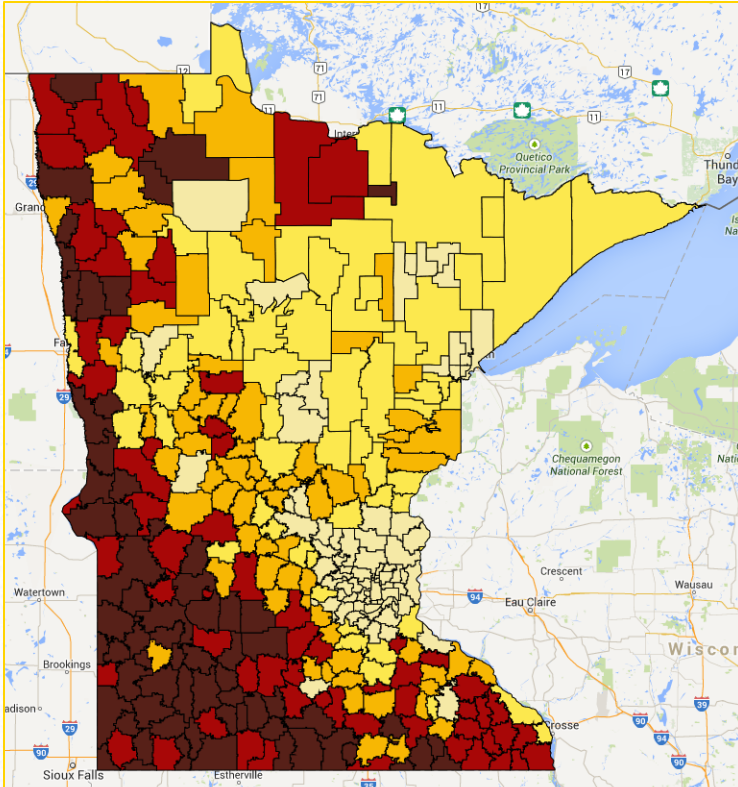
- Agricultural school bond tax credits; holdover from 2015
- Debt Service equalization
- Expand Lease Levy authority

The Equalization Gap – Debt Service compared to Operating Referendum



Property Wealth Impact

Ag Land Affects Net Tax Capacity



- Ag land is over 50% of TMV in one-third of districts
- Rural bond passage rate roughly half the rate of the metro
- Huge gap in median household income: 43% difference between rural and 7-county metro area

Opportunities for Education in 2016

Property taxes in an election year

Department of Revenue est. Property Tax increases

- Townships 2.4%
- Counties 3.7%
- Cities 5.2%
- Special Taxing Authorities 5.6%
- **Schools 7.5%** *(Half increase is voter approved)*

Opportunities for Education in 2016

Education Policy

Teacher Recruitment & Retention

- OLA report on Board of Teaching

HLC Mandate: Impact on Concurrent Enrollment

- K-12 and MnSCU: finding solutions together

Reducing Testing

Special Board Elections

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