

City/ School Legislative Meeting
Nov 29, 2011

Thank you for meeting with us.

Let me start by saying that we all come into these jobs as city council members, mayors, school board members, city and school administrators and legislators having to solve problems not of our own making. We inherit most of the problems that we are tasked with solving. That is one of the leadership challenges that we all have in common.

An elementary student once defined leadership as the task of making things better. Improving on the status quo is our challenge. How do we do that?

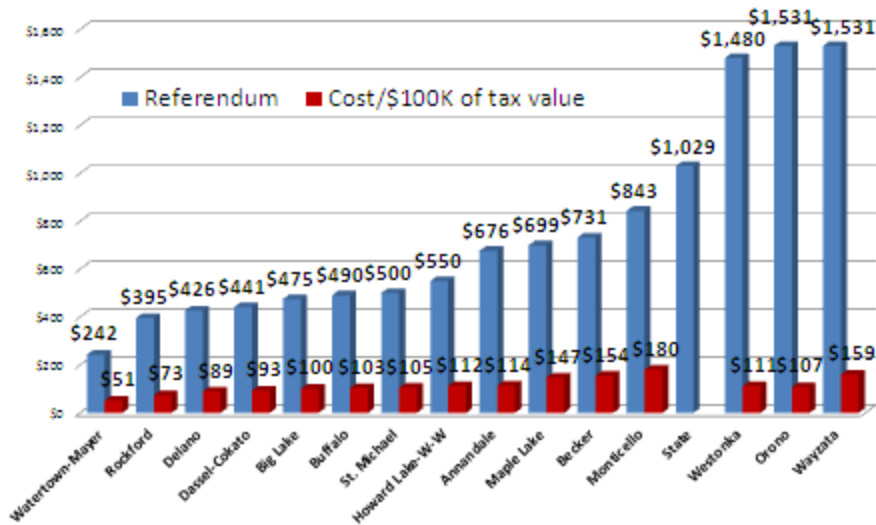
First we have to identify the problem. The funding structure that we operate under is unfair, inequitable and badly in need of repair and is not “general and uniform and thorough and efficient” as required by the state constitution. The primary problem faced by the schools in this room today is the inequity in school funding that is created by operating levies.

**According to the National Conference on State Legislatures
a sound state school finance system:**

- **Provides equity for both students and taxpayers.**
- **Is efficient, making the best possible use of resources.**
- **Provides adequate resources to local school districts so that they may achieve state and local educational goals and standards.**
- **Incorporates fiscal accountability through generally accepted budgeting, accounting, and auditing procedures.**
- **Promotes predictability and stability of education revenues and expenditures over time.**

Operating levies violate the first bullet point in the National Conference on State Legislature’s recommendations to states.

Tax inequity – Where do you live?



If we had an equitable system, the \$107 per \$100K of tax value that the taxpayers in Orono pay, would net the same results for all districts. To accomplish this, operating levies need to be equalized by the state like they were prior to 2001 when levies were equalized; meaning the tax burden on property with similar value was uniform throughout the state. Let me say that again. The tax burden on property with similar value should be uniform throughout the state. That is the essence of what we are talking about when we refer to equity for taxpayers.

Taxpayers in high property wealth districts, like those adjoining Delano Public Schools to the east, pay relatively lower taxes than those of us in Wright County. Due to their property wealth, they can raise more dollars per \$100K of value than those of us in Wright County.

This inequity creates a number of problems. The school districts in Wright County, when compared to our more wealthy bordering districts to the east, face large hurdles in passing levies because of inequitable tax burdens, as pointed out by Mr. Duris.

Let me be more specific: school taxes on a \$300,000 house for one of our neighbors to the east are \$717.09. In Delano a house valued at \$211,000 pays

more than that - \$738.10. How is this equitable to the taxpayer and fair to the student that the levy supports?

In addition, one of our neighbors to the east has a \$1,496 per student operating levy and a cost per pupil of \$10,245. How is this equitable when we are spending \$8,268 in FY10? And couldn't pass an operating levy on November 8 to sustain that?

And one of them passed a \$23M bond issue for deferred maintenance at a cost of \$9 per month on a \$300,000 home.

In addition they just passed a \$6.6M bond issue for additional improvements at a cost of \$4.50 per month on a \$300,000 home.

Several schools in this room are struggling with the legislature to allow us to transfer money that has already been levied from the construction fund to the capital outlay fund to pay for new boilers that we have been directed by our insurance companies to change out. No problem in Westonka.

One of the most telling things about this is that they use a \$300,000 home as the benchmark, whereas those of us next door in Wright County use \$100,000 examples.

All of this also leads to what we call an opportunity gap for students. Our neighbors to the east are able to offer the following advantages for their students:

- Elementary art specialist -
- K-2 Spanish -
- More staff for gifted students-
- Computer classes in the middle school -
- Classes such as architectural drawing, graphic communications, pre-engineering drawing, videography -
- More guidance counselors –
- Assistant superintendent for teaching and learning –
- Smaller class sizes -
- Nordic ski -
- Girls Lacrosse -

- Alpine Ski -
- And more -

Another offshoot of these funding disparities has to do with open enrollment. Students will migrate to districts that offer more educational opportunities. We have a net loss of more than 100 students to two school districts to the east that have maxed out their ability to levy operating levies and offer more opportunities for students.

Minnesota was one of the first states to embrace open enrollment. The underlying belief regarding open enrollment is that schools will improve when they have to compete with their neighbors for students. And everyone in this room is alright with that competition. But you must put us on a level playing field with the more property wealthy school districts so that we can compete.

Here are the results of our recent operating levy from the Independence Precinct where most of the students reside that open enroll to Orono and Westonka.

Results of Operating Levy

Precinct	Yes	No
Independence	152	330

What's the motivation for Independence voters when approximately 116 students from the precinct open enroll to other districts to the east?

And finally, despite what some people think, there is a positive correlation between high spending school districts and high test scores. The best example is ACT scores, which is the most important test our students take: Wayzata 25.7; Westonka

25.7; Orono 25.1. There isn't a school in the room that comes close to competing with these scores.

ACT Scores Bordering Schools

School	ACT	PPC FY09
Wayzata	25.7	\$10,253
Westonka	25.7	\$11,535
Orono	25.1	\$11,227

Wright County **schools** range from 21 - 24

This leads me to comment on the \$50 per per pupil Literacy Incentive Aid that the legislature put in place for next year. It is obvious that the high spending districts will qualify for this funding to a greater extent than the rest of us, furthering again the funding gap that we already experience.

The fix to this problem is long overdue.

The tax burden on property with
similar value should be uniform
throughout the state

We are asking you to take on this leadership challenge and make things better for both taxpayers and students in Wright County by providing the equity for taxpayers and students as called for by not only those of us in the room today, but as recommended by the National Conference on State Legislatures and called for in the State Constitution.

Thank you again for being here today.