



Rockford Area Schools 2018 Referendum Facts

The school board of Rockford Area Schools has scheduled a special election for Tuesday, November 6, 2018 to ask residents to consider an operating levy to generate additional funds for general operation of the school district and to consider a capital project levy to generate additional revenue specifically for technology systems and technical support in the school district. Here are a few important facts about the proposal on the November ballot.

The Questions

To approve a \$750 per pupil levy for seven years, starting in 2019. (This is not the annual tax increase.)

This will generate approximately \$1.3 million per year starting the 2019-20 school year and provides a seven year investment in the district at a time when state funding is unpredictable and does not keep up with inflation. Approval of this levy will help the district maintain the educational services currently in place provided the district has stable enrollment, resources and expenses. For a \$250,000 home in our school district, this means a tax increase of \$339 per year for that household.

To approve a capital project levy authorization at 3.576% times net tax capacity for ten years.

Approval of this authorization will raise \$400,000 per year starting the 2019-20 school year. These funds will help pay for technology expenses that include maintaining, updating or replacing current technology systems, software, hardware and infrastructure; providing technical support for staff and student use of technology as well as system infrastructures; and maintaining and improving classroom technology for students. For a \$250,000 home in our school district, this means a tax increase of \$84 per year for that household.

Education Funding

Revenue for school districts comes from these sources—federal, state, county and local.

Currently, Rockford Area Schools receives 2% from federal sources, 64% from state, 9% from county and 25% from local property taxes. In Minnesota,

schools receive funding through a formula that provides money based on the number of students in the district. Schools may seek additional revenues through the use of operating levy referendums where district residents can help provide those additional funds through local property taxes.

However, Rockford Area Schools currently does not collect any funds from a voter-approved operating levy.

The last operating levy that was approved by district voters occurred in 2009 and expired in June 2015. Nearly all Minnesota public school districts rely on operating levies, approved by local voters, to support general operating expenses. These expenses include the basic costs of operating schools: teachers, staff, textbooks, supplies, heat and light, etc.

The majority (293) of Minnesota school districts receive more funding per pupil that Rockford Area Schools currently does.

Rockford Area Schools is now rank 294th of the 330 Minnesota school districts in per pupil funding, according to the 2018-19 Revenue Rankings. This puts us \$1,752 per pupil behind the average Minnesota school district or \$1,645 lower than other outer ring suburban districts, and \$797 dollars behind non-metro districts of similar size (under 2,000 students). Our current enrollment is approximately 1650 students. This means those districts could have access to more technology, supplies, programs and experienced teachers.

Reductions

Rockford Area Schools has already made budget reductions in the 2016-17 and 2017-18 school years.

The district has already made reductions to the budget. In the 2016-17 school year, a total of \$500,000 was cut that included staff and administrative reductions; decreased spending on transportation, supplies and field trips; increased activity fees and meal prices; and diverted the deferred maintenance reserve to support day-to-day operations. In the 2017-18 school year, a total of \$177,384 was cut that included staff reductions; decreased spending on educational supplies and programs; and increased activity fees and meal prices.

The district sold a valuable asset to maintain a stable budget.

In 2018, the district sold a valuable asset of land in Corcoran for \$1.43 million. This land, which the district owned for over 40 years, was slated for a school building once the population in Corcoran grew large enough to warrant a new building. However, these funds cannot be used for general operating expenses as per state law. Rockford Area Schools can only use these funds for capital projects, like a much-needed remodel of a science room or technology-related expenses.

Other Considerations

Even though two prior referendums failed, Rockford Area Schools still needs additional revenues. The need has not changed.

Rockford School Board and administration are working on every level to create a strong, sustainable, and successful school district for all of its community members. Turning to taxpayers for additional support is always a difficult decision. With no additional local funding, Rockford Area Schools will fall beneath the board recommended fund balance as early as the 2021-22 school year and fall into statutory operating debt as soon as the 2022-23 school year.

Without additional revenue, our schools and students will experience additional staffing, program and service reductions. Our ability to sustain programs in priority areas and build a school district that reflects the shared values of our community will be greatly reduced. Annual concerns about funding will continue, making it difficult to attract and keep both new students and staff.

Rockford Area Schools' district goal is to provide the best educational service with the available resources.

Since 2010, the district has made a concerted effort to increase student enrollment, made multiple grant submissions to support innovative programming, and continuously work with state legislators, including testimony at the Capitol to promote legislation that supports the district with a minimal financial impact on taxpayers.

However, the State of Minnesota legislature controls the funding formulas that determines how much revenue each school district receives annually. The formulas include weighting pupils based on grade level and various other components, which makes it unpredictable.

In addition, special education costs are mandated by law, are also often unpredictable, and must be paid even though they are not fully funded through state and federal means. This requires local school districts to make up the difference with their general fund (main operating) dollars.

Lastly, district expenses increase at roughly 4% per year, even with no increases in programming. These increases consists the rising costs in utilities, insurance, transportation, additional instructional mandates and other inflationary effects. This economic reality leaves Rockford Area Schools with an annual 3% deficit, despite efforts to increase efficiencies.