

General Election on Passing an Excess Levy for Duluth Public Schools

The November 8 general election will have a question on raising the excess levy for the Duluth Public Schools. School districts are required by law to be neutral and not to advocate for or against passage. But the Duluth public schools have done a massive distribution of fliers (Fast Facts), generated web pages, and have given numerous talks on this levy. Unfortunately, all the information being distributed has misleading or outright false information on the history and current status of budgets for the Duluth Schools. This information is painting a false picture that our schools are in dire straits, and that Duluth citizens don't support our schools.

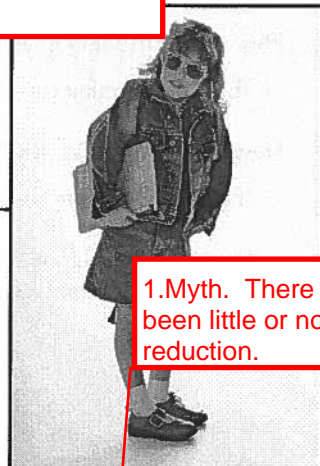
The authors of this web page, two current school board members, strongly support education. But it is not right for the school district to use false information to promote passing this levy. The citizens of Duluth deserve to have accurate information. When false information is repeatedly used to give the insinuation that Duluth doesn't support its public school systems that is an insult to Duluth. In the long run, such false information will result in continued erosion of support for the schools because it leads to a lack of community trust. And it is violation of campaign law.

It is imperative that accurate information be presented to Duluth and this web page attempts to do that.

This is a copy of the information being widely distributed by the Duluth school district on the Excess Levy.

November 8, 2011 Operating Levy

Fast Facts



1. Myth. There has been little or no reduction.

On November 8, the Duluth school district will have three operating or "learning" levy questions to vote on. An operating levy provides funds that can be used to support the classroom.

2. Myth

Why an operating or "learning" levy?

- K-12 educational budgets have become extremely tight, and most districts have experienced budget deficits for well over a decade.
- State funding for schools has not kept up with inflation – in fact, it's estimated to be 37% behind inflation. Delayed state payments have increased interest expenses. Declining enrollment affects about 80% of districts.
- Minnesota has dropped from the top 8 nationally to 29th in per pupil funding.
- As a result, most districts have cut budgets every year for more than a decade.
- The Duluth school district is projecting a \$4 - \$5 million deficit for the 2012-13 school year which will result in more cuts.

3. Myth. Budgets have steadily increased.

4. There is yet no budget

Do other districts have such levies? How does Duluth compare?

According to the Minnesota Department of Education, about 90% of Minnesota school districts currently have a voter-approved learning levy and on average is about \$936 per pupil. Duluth's voter-approved levy is less than half that, about \$365.60 per pupil. ("Per-pupil" refers to funds generated per pupil, not individual tax impact).

5. Wrong \$774.

5. Wrong.

What would Duluth's 2011 operating levy support?

The 2011 levy would provide new learning revenue which could help manage class sizes, support improvements to science and math education, and provide new textbooks.

6. There is yet no budget.

What happens if the 2011 levy doesn't pass?

If Question 1 doesn't pass, the deficit remains at about \$4 to \$5 million. In addition, Duluth schools would lose another \$470,000 in existing revenue, which increases the deficit. Question 1 includes an existing \$39.32 per pupil state levy which is set to expire in 2012. This loss would increase the projected deficit and result in more potential for cuts to the classroom, which could include larger class sizes.

7. Myth. Budgets have steadily increased.

Has the Duluth district cut expenses?

Over the past five years the District has reduced operating expenses by over \$24 million. Cuts include administration, transportation and maintenance, among other non-classroom expenses. It has become extremely difficult to reduce expenses without impacting the classroom.

How does the ballot work?

To Pass Question 1 and oppose Questions 2 and 3: Vote "yes" for Question 1 and "No" for Questions 2 and 3.

To Pass Question 2 and oppose Question 3: Vote "yes" for Questions 1 and 2, "No" for Question 3.

To Pass Question 3: Vote "yes" for Questions 1, 2 and 3.

To vote against the levy: Vote "no" for Questions 1, 2 and 3.

8. Wrong: voting NO will simply leave the levy at its current level of \$405

Why three questions?

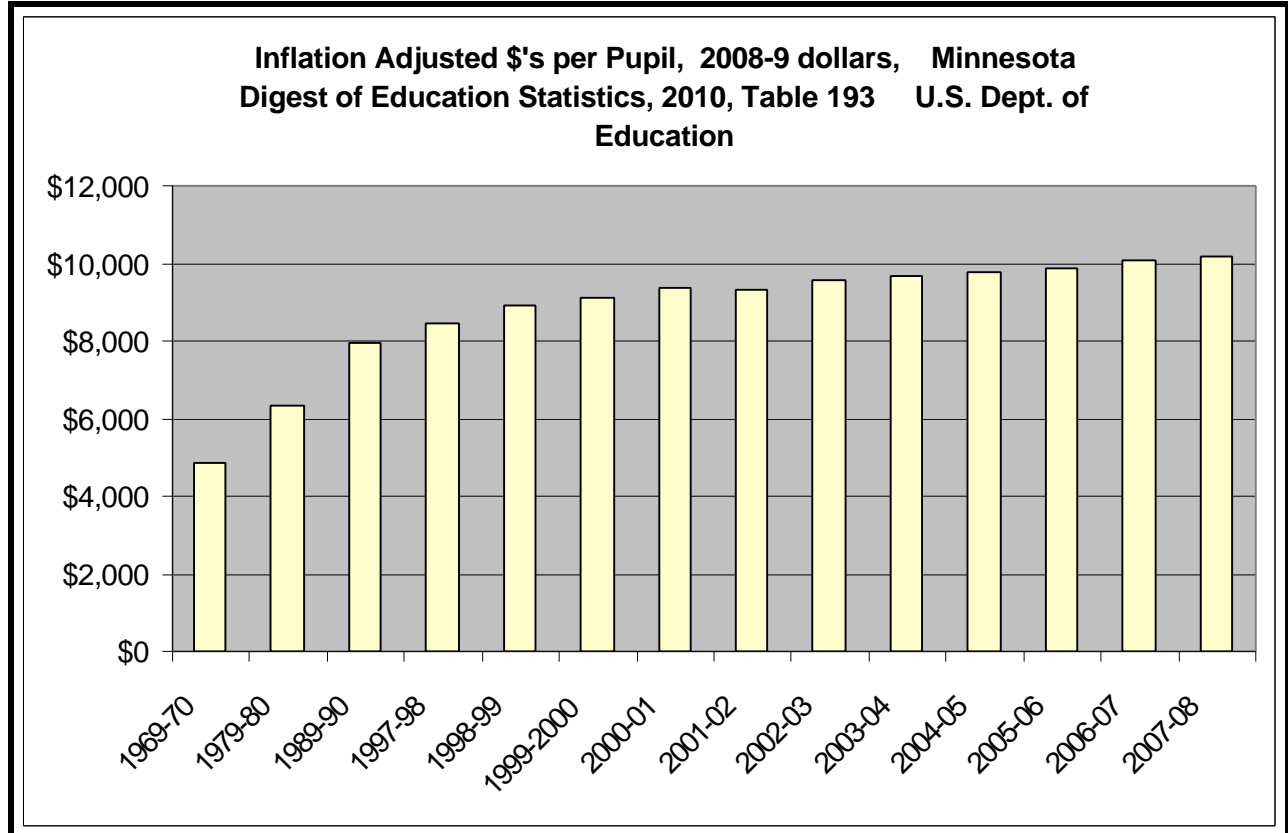
Three questions provide voting choices, ranging from about \$5 per month to \$9.50 per month on a \$125,100 home. Voters who don't want to fund an operating or learning levy can simply vote no on all three questions.

Inspire Brilliance.

See the following pages for details of the itemized errors, and what the accurate numbers really are.

① **MYTH:** "State funding for schools has not kept up with inflation—in fact, it's estimated to be 37% behind..."

TRUTH: According to the Digest of Education Statistics, 2010, inflation adjusted K12 school expenditures have steady increased since tabulation were made in 1970. The following chart clearly shows that school spending per pupil has significantly increased, including in the last five years.

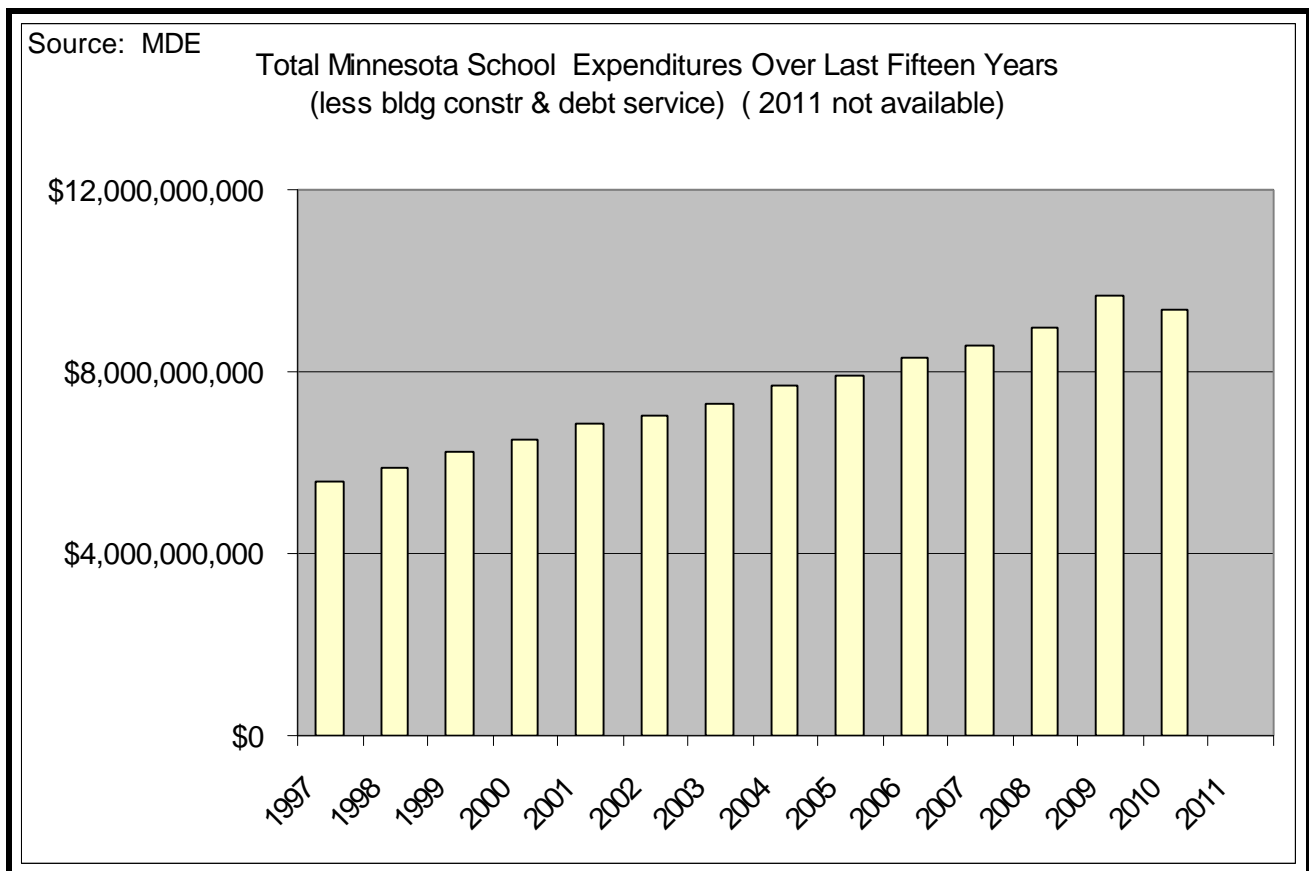


② **MYTH:** "Minnesota has dropped from the top 8 nationally to 29th in per pupil funding."

TRUTH: According to ranking in the Digest of Education Statistics, 2010, Table 193, Minnesota currently ranks 23rd in state spending in the U.S. Twenty years ago, Minnesota ranked 18th. This is not statistically significant. The District's claim is a myth.

③ **MYTH:** “...most districts have cut budgets every year for more than a decade.”

TRUTH: According to data gathered by the Minnesota Department of Education (MDE), school district budgets throughout Minnesota have steadily increased. This is also borne out by the U.S. Department of Education (see chart #1) which are inflation adjusted. No matter how you look at it, schools throughout Minnesota and the U.S. have had significant budget increases in the last decade, even counting inflation. The State of Minnesota supplies 75% of funding for our schools, and that amount was increased for 2012 by raising per pupil spending by 1% this year and another 1% in 2013.



④ , ⑥ **SELF-FULFILLING PROPHECY:** “The Duluth school district is projecting a \$4-\$5 million deficit for the 2012-13 school year which will result in more cuts.” “The deficit remains at about \$4-\$5 million.”

TRUTH. The Duluth school has not yet released even a preliminary budget for the 2012-13 year. If the past is any indication, they will project a \$5 million deficit, not based on the previous year, but based on inflated expenditures and extravagant wish lists. If all the past deficits reductions had actually been real, the Duluth school district budget would have drastically declined over the years. Instead (see chart #7), the Duluth budget has steadily grown. The statement that not passing an additional excess levy will “result in more cuts” has clearly shifted the District’s position from neutral to campaigning. This is a violation of Minnesota campaign law.

⑤ **WRONG:** " *How Does Duluth compare [in excess levies]...The [Minnesota] average is about \$936 per pupil.*" " *Duluth's voter-approved levy is less than half that, about \$365.60*"

TRUTH: This makes it sound like Duluthians aren't paying much for school taxes--**WRONG.** For the 2010-11 year Duluth paid \$24,641,189 in local school tax, or about \$2800 per student. One of the highest rates in the state! This total amount includes the debt service (on the Red Plan), building maintenance, things like community education, and the operating levy, which is only a small part of the total. See Item #9 for more details.

But even if you only look at the only the operating levy portion of local taxes, the District still gets it wrong. According to the Minnesota Department of Education compilation of all excess levies in Minnesota after the 2010 election, the average levy is only \$774. And this is high because some of those levies were not voter approved but automatically granted to districts in 2003, and this includes very lucrative suburban cities. See CY2010OperatingReferendums.xls available on <http://education.state.mn.us>. If you compare the largest non-metro and neighboring schools districts, the average levy is only \$533. Many neighboring districts, like Esko, Proctor, and Cloquet have near zero excess levies. So comparing Duluth to rich suburban school is very misleading.

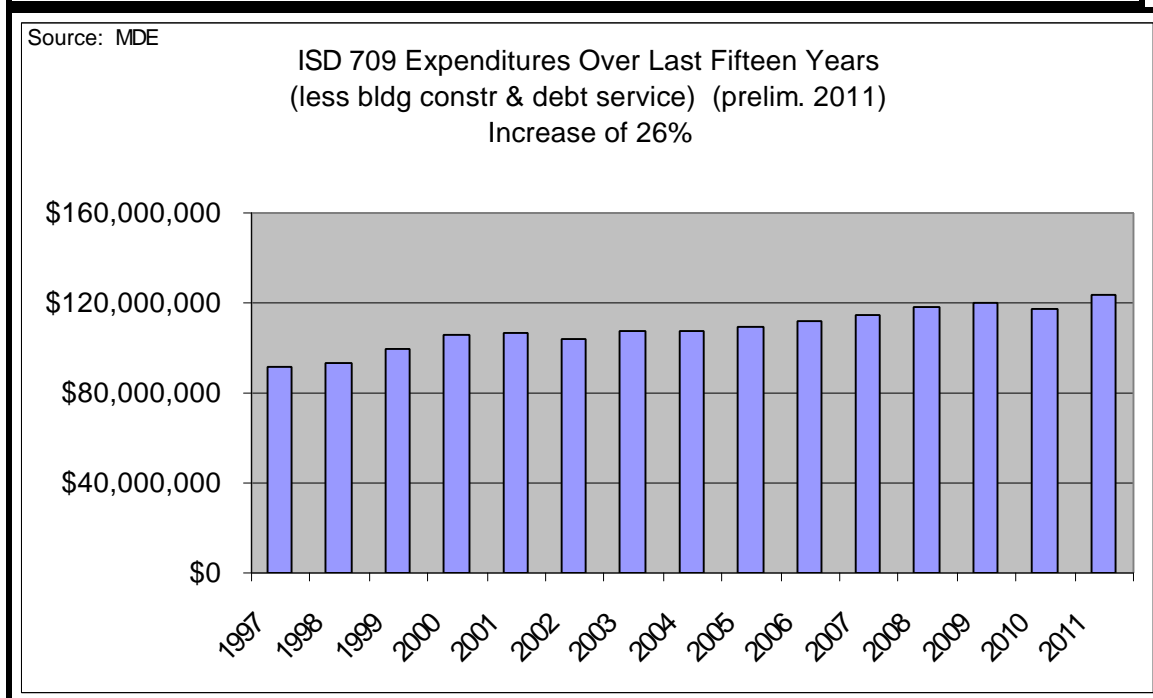
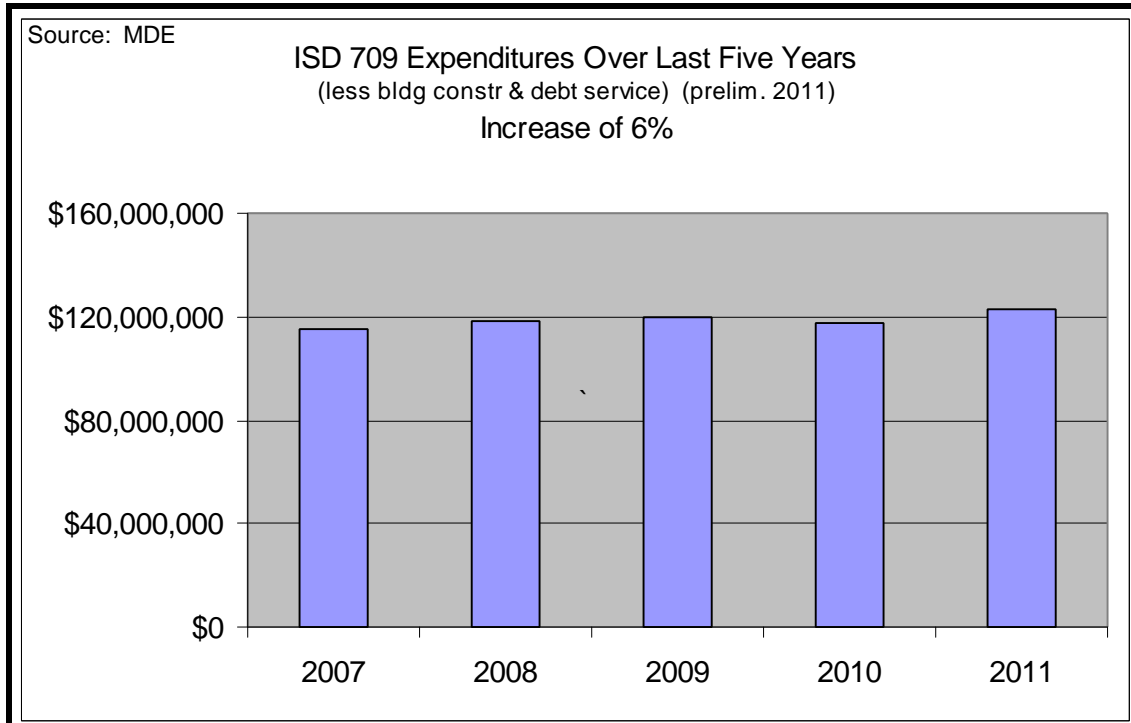
Also, what they neglect to say is 85% of school funding comes from state income tax, state sales tax, and federal income tax, not from property tax. So these excess levy referendums are only the tip of the iceberg in how many taxes you are already paying to support K-12 schools in Duluth.

Also, the economy in Duluth is among the worst for larger Minnesota cities. Duluth's poverty level is over twice the state average. Taxes paid by Duluth residents should reflect our struggling economy.

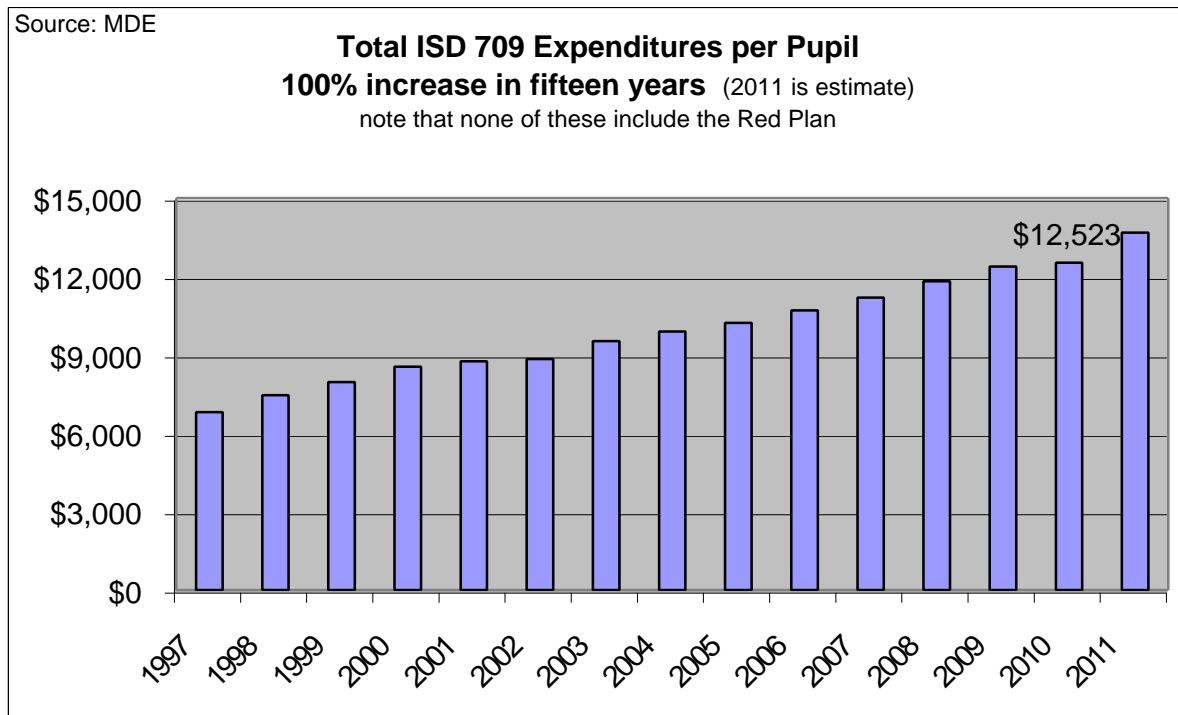
The Duluth Schools are putting a guilt trip and scolding taxpayers with these insistent innuendo that we aren't paying our fair share of taxes for our schools. Not true.

⑦ **MYTH:** “Over the past five years the District has reduced operating expenses by over \$24 million.”

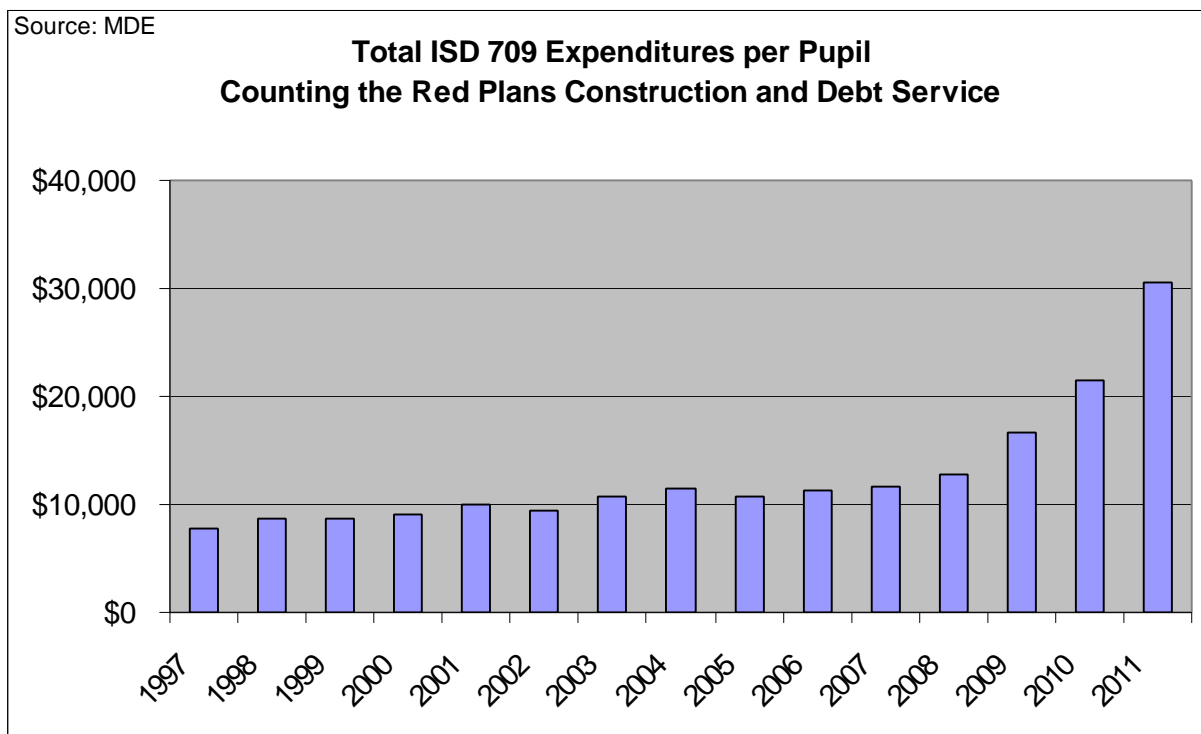
TRUTH: This is clearly the most blatant error in the paper. There has been no reduction of budgets by the District. In fact, according to the Minnesota Dept. of Education spreadsheets (TotalEpendProfiles.xls on <http://education.state.mn.us>), in the last five years, the ISD 709’s expenditures have increased by 6%. If you go back fifteen years, there is clearly a steady increase of 26% in the Duluth School budgets. And this is in spite of a 35% decrease in the number of students attending Duluth public schools.



If you look at the amount the Duluth School spends per pupil, the increase in the last fifteen years is quite staggering:



Note that none of the previous data has included any of the Red Plan building and debt costs. But if you include those numbers, the spending per pupil is through the ceiling.



⑧ **WRONG:** “Voters who don’t want to fund an operating or learning levy can simply vote no on all three questions”.

TRUTH: Voting NO, NO, NO is not going to remove the existing \$405 levy. It will simply stop an additional increase. There is no ballot choice for voters to remove the current levy. This election is being spun to make it sound like Duluthian are finally being given a chance to vote. Unlike the refusal of the Duluth School to have any referendum on the Red Plan, we are now given a chance to vote for more tax increases--or more tax increases.

⑨ **MYTH:** “Among the largest non-metro communities, Duluth ranks 21st in total school property tax revenue”. [note that this statement is on the web site version of levy information]

TRUTH:

Duluth ranks 1st highest in the 35 largest non-metro schools in non-voter approved local property tax. (thanks to the Red Plan).

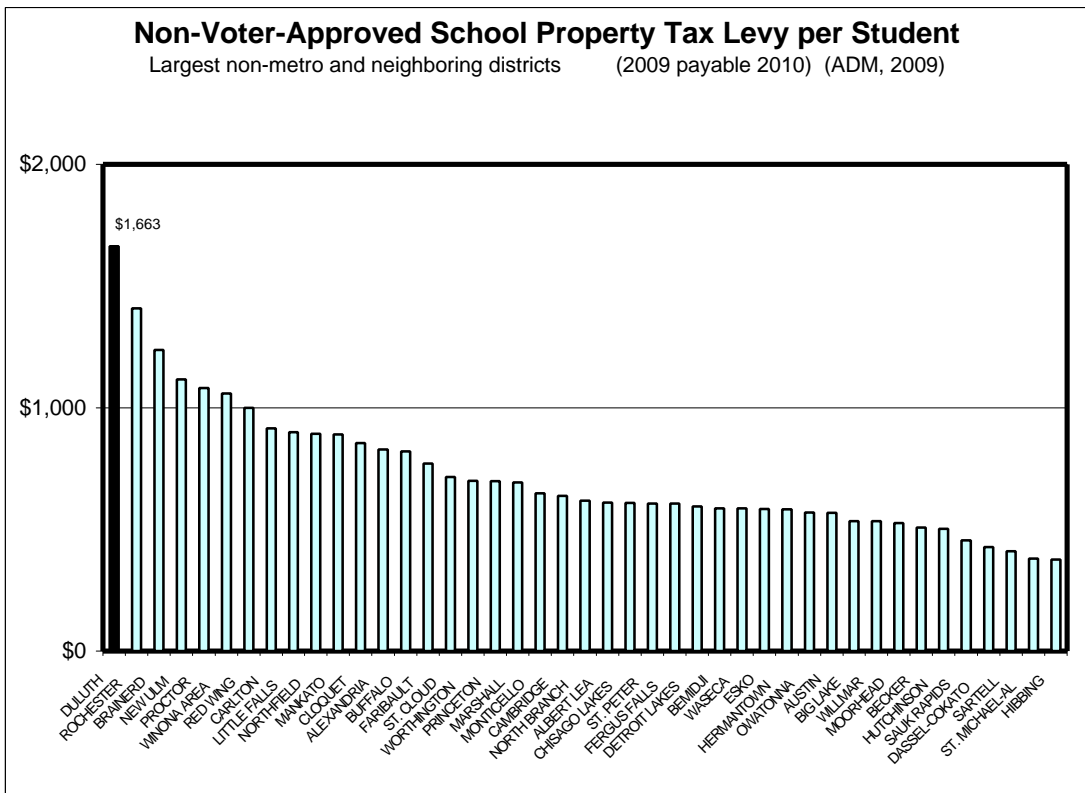
Duluth ranks 2nd highest in the 35 largest non-metro schools in total revenue.

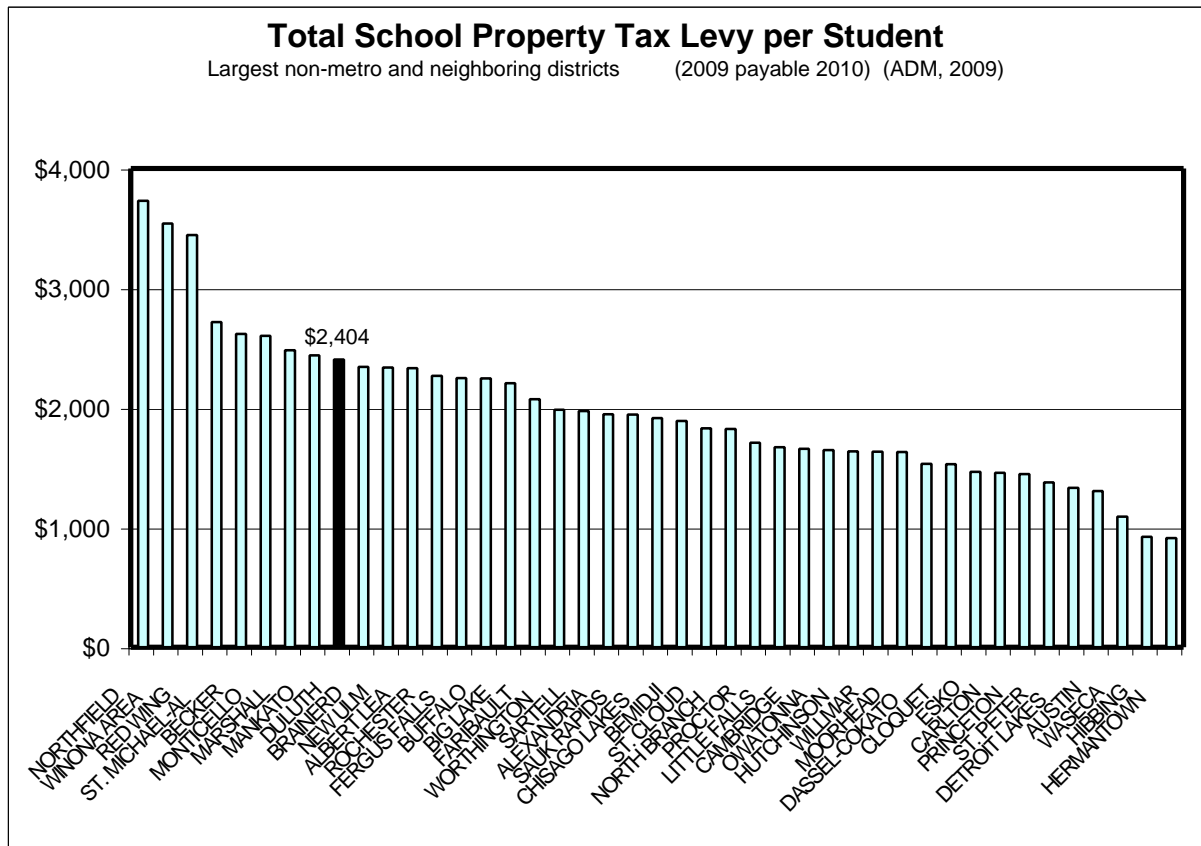
Duluth ranks 2nd among the largest school in the state for highest debt per pupil (the highest is Minneapolis).

Duluth ranks 9th in the 35 largest non-metro schools in total school property taxes.

Duluth ranks 14th highest in total revenue among all schools in the state.

Duluth ranks 18th in the number of pupils.





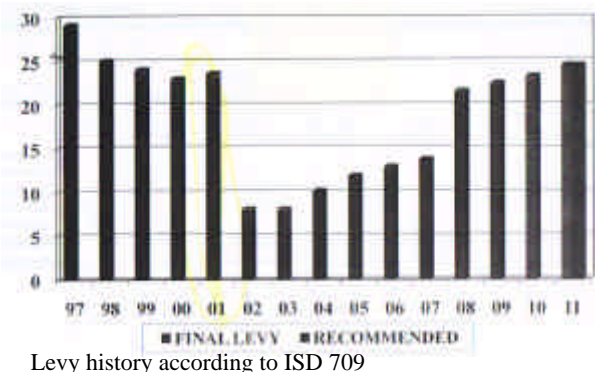
Note that the above comparisons are based on two year old data (the newest Minn. Dept. of Education published). In Sept., the school board passed their intent to raise the total local property tax paid to the school to \$25,848,261. This works out to about \$2900 per student. This is a significant increase over two years not reflected in the above chart. If the levy would pass, the above number would increase by about \$500, making the total per student levy about \$3400, or Duluth would be nearly the highest in the above chart.

10. MYTH: “Duluth’s total school property tax support in 2011 is less than it was in 1997.”
[note that this statement is on the school’s web site version of the levy information]

TRUTH: This is more misleading information. The school district obviously knows better than to put out such nonsense, but apparently it serves their purpose to advocate for passage of the levy by using the barest shred of truth, and then neglecting to tell the whole story.

It would be just as accurate to state that since 2002 the total school property tax has risen \$17.8 million or 220% since 2003 (see the school’s chart). But obviously both of these statements can’t be true.

So what’s the truth here? In 2001, the State of Minnesota Omnibus funding bill fundamentally changed the way schools were funded. This was an attempt to make school funding more uniform (due to court rulings) for students through out the state; and to reduce property tax (due to Gov. Jesse Ventura). So in 2002 the local property tax



general fund levy was totally removed; and “excess [operating]” levies were largely removed and capped. In other words, the funding source for schools was shifted from local property taxes to the State budget (that in turn is funded by income and sales tax).

Looking at the chart, it is clear that this attempt to reduce property tax has failed. We probably shouldn't be surprised here, but the property tax now is again as large as it was in 1997. PLUS we are paying more income and sales tax! If the District told the truth about this and about their steadily increasing expenditures, Duluthians would not support this operating levy.

Data sources for the above information are the U.S. Department of Education, the Minnesota Department of Education, and ISD 709 budgets. Charts, research, and writing of this website was done by ISD 709 school board members Art Johnston (4th District) with support of school board member Gary Glass (At Large).

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