



Mankato Area Public Schools 2017 Operating Referendum Endorsement

The Mankato Area Public Schools are asking voters this November 7 to approve a referendum that will renew, and increase, an expiring operating levy. This proposal would call for increasing the District's operating levy by \$365 per student, from \$784 to \$1,149.

As the Chamber of Commerce and Economic Development Organization serving the region, Greater Mankato Growth, Inc. (GMG) is focused on promoting the economic growth and vitality of our regional marketplace through effective community and business development initiatives. After careful consideration, GMG has decided to endorse the Mankato Area Public School's proposed operating referendum. We encourage residents to vote "yes" on the proposed operating levy at the elections on November 7. This document details how and why GMG came to its decision to support the referendum.

Process

This endorsement was considered through GMG's public affairs advocacy process, which can be viewed here: <https://greatermankato.com/public-affairs-resources>

- GMG engaged with the school district very early in their process. The School District held meetings earlier this year with a Financial Advisory Committee made up of Jonathan Zierdt, GMG's President & CEO, and a small group of other business leaders who conveyed what they felt would be necessary for a referendum and the key questions that would need to be answered for it to be successful.
- In June, the chairs of GMG's Public Affairs Steering Committee (Jay Weir & Chad Surprenant) participated in a meeting of that Financial Advisory Committee to offer feedback and establish next steps in GMG's process.
- On August 10, GMG's Public Affairs Steering Committee and a select group of business leaders was invited to meet with school district representatives to receive a briefing on the proposed referendum and were provided an opportunity to offer their thoughts on how the referendum could best meet the needs of the community.
- Following the August 10 meeting, the Public Affairs Steering Committee was asked to vote on their recommendation to GMG's Board of Directors with the following options - that GMG ought to oppose, remain neutral, or endorse the referendum. The vote was unanimous in favor of recommending endorsement.
- On September 7, GMG's Board of Directors voted unanimously to confirm the recommendation of the Public Affairs Steering Committee and formally give approval for GMG to actively endorse the school's operating referendum. Superintendent Sheri Allen, who serves on GMG's Board of Directors, removed herself from the room and played no part in the board's deliberation and vote.

In evaluating the school's proposed operating referendum, GMG considered the following criteria:

Alignment with GMG's Advocacy Criteria

GMG utilizes a four-part guideline to determine which policy issues merit organizational support from GMG. GMG's evaluation of the operating referendum under these guidelines is below.

- 1) *The issue is consistent with GMG's mission to "support and promote the economic growth and vitality of our members and the regional marketplace"*: GMG recognizes that our community's school system is a primary tool in economic development and a vital impetus to the overall growth and vitality of Greater Mankato. We feel passage of this referendum will enable our most valuable resource – our children – to continue to receive a quality educational experience and that it will also assist our community in its efforts to produce, retain and attract the talented workforce necessary for the future success of businesses in our region.

- 2) *GMG's action is worth the effort/resources*: GMG's support of the operating referendum is fully justified when measured against the long-term return on investment that will be provided to our members.
- 3) *The issue is generally nonpartisan in nature*: Past operating referendums in this community have enjoyed support from voters of all political affiliations. GMG is convinced that the Mankato Area Public Schools have put forward an operating referendum that is supported by evidence, responds to this community's needs in a prudent manner and will be approved by a strong majority of voters.
- 4) *The issue aligns with existing community visioning documents/strategic plans*. The proposed operating referendum aligns with the goal of this community's Envision 2020 plan to "Retain and attract an educated workforce."

Need

- *Growth* – Enrollment in the Mankato Area Public Schools is on the rise and is the primary driver of the proposed operating levy increase. In the 10 years since the current operating levy was first approved, enrollment has increased by more than 1,400 students – more than 20%. Further, the school district is predicting enrollment will increase by another 800 students in just the next five years. This is great news for our community and a testament to the quality of our school system.

However, here's the challenge – for each student that walks into the school district's doors, there is a "funding gap." This gap is the difference in what it actually costs to educate a student in the Mankato schools (about \$10,500 per student) and the amount of education funding provided to the school by state (about \$7,700 per student). And this gap continues to grow since over time state funding has not kept up with inflation. In fact, over the last 15 years, the gap between what the state actually provides per student in its funding formula versus what the state would provide had the formula actually kept up with inflation has risen to \$550 per student. That means that each year, the school district receives nearly \$5 million less than what they would have received if the state formula had kept up with inflation. The school district has done a good job of keeping up with enrollment growth over the past several years – but now the existing referendum is just not meeting the needs that growth places on its budget. In fact, this year the school district's budget has a \$2 million deficit, which is being taken from the district's reserve funds.

- *Ensuring a Quality Workforce* – Every business relies on our public schools to lead in developing future workers to fill the talent pipeline on which both new and existing companies depend for their future workforce. Businesses in our community have partnered closely with the school district to retool existing education programs and create new ones that align with their evolving workforce needs. In one recent example, three local manufacturers worked with the school district to create the Youth Employment Acceleration Program which places high school students in a paid apprenticeship program with these employers while also earning the student industry credentials. The school district has also recently added biomedical science labs at East and West high schools, 3D printers and other tools to ensure students are prepared for the high-tech jobs of the future. And, importantly, our schools have made significant strides in closing achievement gaps for minority and disadvantaged students so that we leave no future member of our workforce behind. This referendum will provide the basic resources our schools need to continue innovative programs and core functions so that every student enters Kindergarten prepared for success and all students can graduate ready for a career and/or college.
- *Talent Shortage* – Like the rest of the nation, available talent in the Mankato/North Mankato metro is not sufficient to keep pace with our growing economy and the retiring baby boomer generation. Our community needs to attract nearly 3,000 workers by 2020 to keep pace. This is perhaps one of the most critical and daunting of economic development challenges our region faces. From their extensive experience in recruiting employees, our businesses know that individuals and families are selecting places to live based on a variety of factors – with the quality of a community's schools and education system one of the most important. Continuing to ensure our schools have the resources they need to remain one of the top school systems in the state and upper Midwest is an effective way to best position the community to attract the required workforce necessary to sustain and grow the local economy we already enjoy.

Fiscal Responsibility

While no individual or business likes to pay additional taxes, the Mankato Area Public Schools have an excellent track record of stewardship when it comes to investing our tax dollars wisely.

- *High Performance at Low Cost* – The school district currently spends \$10,484 to educate each student. This is the lowest among all schools in the Big 9 Conference and our peer metros in Greater Minnesota. And while we spend the least per student, Mankato students have the highest proficiency scores of all school districts in the Big 9 Conference and our metro peers.

Total Operating Cost

SCHOOL DISTRICT	\$ AMOUNT PER PUPIL
Winona	\$14,347
Faribault	\$13,239
Austin	\$12,637
Albert Lea	\$12,445
*Rochester	\$11,724
Northfield	\$11,668
Red Wing	\$11,051
Owatonna	\$11,039
*Mankato	\$10,484
Big 9 AVERAGE	\$12,070
State Average	\$11,956
% BELOW THE Big 9 AVERAGE	13.1%
*Duluth	\$12,079
*St. Cloud	\$12,746

*Metropolitan Statistical Areas (MSA)

- *Comparatively Low Operating Levy* – Mankato’s current operating levy of \$784 per student is the 2nd lowest of the cities in the Big 9 Conference. If the proposed increase of \$365 per student is approved, Mankato’s new operating levy of \$1,149 would still be lower than the Big 9 average (\$1,292) and state average (\$1,160).

2017 Referendum Amount per Pupil

SCHOOL DISTRICT	\$ AMOUNT PER PUPIL
Winona	\$1,952
Northfield	\$1,891
*Rochester	\$1,447
Red Wing	\$1,236
Albert Lea	\$1,215
Faribault	\$1,201
Owatonna	\$1,136
*Mankato	\$784
Austin	\$767
Big 9 Conference Average	\$1,292
State Average	\$1,160
*Duluth	\$796
*St. Cloud	\$724

*Metropolitan Statistical Areas (MSA)

- *Other Taxpayer Savings* – In 2015 and 2016 the school district restructured its existing debt to take advantage of lower interest rates. This will save taxpayers more than \$2.3 million. In addition, if the proposed levy passes, the school district has committed to not renew its current Technology Levy of \$500,000 each year, which expires in 2019.

The District has provided comprehensive tools for both individuals and businesses to [calculate the projected impact](#) of this referendum on their property taxes. For a home and business valued at \$200,000 the estimated yearly tax impact would be \$130.28. However, the “net” amount of additional taxation that property owners will face may be less because of the previously mentioned debt restructuring undertaken by the school district and the expiration of the tech levy in 2019. It is also important to note that the operating levy does not apply to agricultural land except for the house, garage and one acre of land. The remainder of the farm is not subject to the referendum operating levy.

Based on the Mankato Area Public Schools’ past and current financial performance, the citizens of Greater Mankato can be confident that any new funding they provide will be managed in the same fiscally responsible way, ensuring a return on our educational investment dollars in the future.

High-performing and competitive schools drive economic development, resulting in improvements for our workforce and overall economy. Greater Mankato Growth urges all residents to vote “yes” on the proposed Mankato Area Public Schools operating levy on November 7.

You can get more information on how and where to vote on our website: <https://greatermankato.com/voter-information>