



Superintendent Answers Operating Referendum Frequently Asked Questions

On Election Day, Tuesday, November 6, 2018, voters will consider an operating referendum question among the choices of candidates running for a variety of local, state and federal offices. Just like you research the candidates you vote for on Election Day, I hope you will educate yourself on the district's operating referendum so you can make an informed decision at the polls.



Scott Thielman

I have made countless presentations to groups all over the district and many questions have come up over the course of my conversations. I will outline those questions and my responses in this special election edition of the *Insider*. If you would like to schedule a presentation for your group or have further questions, look on the back page of this *Insider* for more information.

What are we voting for on Election Day?

The District is asking to revoke its current referendum revenue



of \$119.87 per student and replace it with a new referendum revenue of \$1069.87 per student for a net of \$950 per student for the next 10 years beginning with taxes payable in 2019. This amount brings us closer to the state's average per student revenue. There are four goal areas this election addresses: class size, school safety through personnel and infrastructure, expanded middle school opportunities and the special education funding deficit.

What is an operating referendum?

An **operating referendum is used for operating costs** the school district incurs throughout the year. Funds pay for expenses such as personnel, supplies and utilities. They can also be used to address needs such as class size reductions and offering more student academic choice. Rather than the state collecting property taxes and reallocating them across all school districts, an operating referendum gives voters local control to invest in their school district through their property taxes.



Why is the operating referendum needed now?

Over the last few years, the district has been very conservative with our budget and has been slowly adding back positions that were cut in 2007-08 and 2008-09. We have reached the point where we can no longer spend down the fund balance to maintain class sizes.



Addressing school safety and security issues and providing more mental health support for students is a top priority.

Expanding opportunities for middle school students to receive extra help during the school day and have more elective class choices is also very important.

Finally, state funding has not kept up with the rate of inflation and funding is still not covering the costs of the special education mandates. This is forcing our district to fill the \$760 per student funding gap that is currently being filled with general education funds.

This is why we have reached the point where we need to ask our local residents for additional funding.

Frequently Asked Questions, continued

Q Didn't we just give the district money for schools?

Yes. In 2014, the district passed a **bond referendum** for the additions of safe and secure entrances at three elementary schools, technology upgrades, deferred maintenance projects and the addition of new activity spaces at the high school. A **bond referendum are funds that can only be used for capital projects** such as building schools, school repairs and updates, and furniture. The funds raised from the bond referendum cannot be used for the personnel goals outlined in the operating referendum that the district is asking for this year.



was 16 years ago (2002). The district asked for an increase in operating funds in 2007 and 2008 and was unsuccessful, resulting in two years of budget reductions and a loss of 40 teachers.

Since then, the district has addressed primary needs by using one-time state and federal funds and spending down the fund balance. Class size reduction is one of those primary needs that the school board has been able to address and, over the last several years, has hired back 18 teachers.

The district has looked at the budget forecasts, current funding and inflation and enrollment trends and determined the amount needed to address the four goal areas of this referendum. We know that with the lack of school funding from the state, we cannot sustain what we have, make additional investments in educational programming, improve student safety with personnel or make further reductions in class sizes.

Even with the additional funding request of \$950, we are still below the state average for general education revenue.

Q If this operating referendum passes, how much will my taxes go up each year?

See the tax impact chart below. If this operating referendum passes, it will be in effect for the next 10 years. As you will see on the tax impact chart, the estimated tax on a \$250,000 home would be \$436 for the year or \$36.33 per month. This amount will fluctuate each year based on the rate of inflation. If inflation goes up by 1%, that amount will increase \$4.36 per year.



Q Why the big jump from \$119.87 to \$950? Why did you wait to ask for so much?

The last voter-approved operating referendum increase



Q Has the district been spending their finances responsibly?

The school board and district administration are very conservative when it comes to spending. Budgets are audited annually by an independent auditing firm as required by state statute M.S.123B.77subd.3. In a recent community-wide survey, almost 80 percent said they believe the district is spending the budget effectively and over 90 percent believe the district is providing a good education for the investment. How the district has been spending your tax dollars is depicted in the dollar chart to the right. As you can see, the district is spending over three quarters of the General Fund Revenue directly on classroom instruction. The other quarter is divided between operations, transportation, administration, tuition and other costs to the district.



Of the district's \$62.7 million General Fund Revenue 86.18% is from the state, 8.35% is from local property taxes, 2.61% is from federal dollars and the remaining 2.86% is from other sources (which includes student fees, interest revenue, donations and local grants). These figures are based on our financial statements that were audited in September 2018. Currently the district spends \$10,622 per student. Even with the added funds from this operating referendum (should the question pass), the district's per student

Tax Impact

Year Taxes Payable		2019 Revoke Authority -\$119.87	2019 Proposed Authority \$1,069.87	2019 Net Change \$950	Tax Impact per Month
Property Type	Estimated Market Value	Estimated Taxes for BHM Operating Referendum Only*			
Residential, Homesteads, Apartments, Commercial- Industrial Property	\$150,000	-\$17	\$279	\$262	\$21.83
	\$200,000	-\$22	\$371	\$349	\$29.08
	\$250,000	-\$28	\$464	\$436	\$36.33
	\$300,000	-\$34	\$557	\$523	\$43.58
	\$350,000	-\$39	\$649	\$610	\$50.83
	\$400,000	-\$45	\$743	\$698	\$58.17
	\$450,000	-\$50	\$835	\$785	\$65.42
	\$500,000	-\$56	\$928	\$872	\$72.67

*Amounts in the table are based on school district taxes for the operating referendum only and do not include tax levies for other purposes. Tax increases shown above are gross increases, not including the impact of the Minnesota Homestead Credit Refund ("Circuit Breaker") program. Many owners of homestead property will qualify for a refund, based on their income and total property taxes. This will decrease the net effect of the referendum levy for many property owners.

NOTE: Agriculture property will pay taxes for the proposed referendum based only on the value of the house, garage and one acre. Seasonal recreational residential property (i.e. cabins) will pay no taxes for the proposed referendum.

Frequently Asked Questions, continued

spending will still be below the state average of \$12,249 per student.

The school board takes advantage of every opportunity to save the district money. Under the guidance of the Director of Finance and Operations, the district has been able to refinance their general obligation school building refunding bonds which has saved the taxpayers more than \$6 million over the last few years.



What if the election fails? Will you go out again?

Yes the district will need to call another election since we will not have adequate revenue to meet the district's expenses.



GOAL: Class Size Reduction

What are our class sizes compared to neighboring districts?

Every year, class sizes vary based on the number of students enrolled. One year a grade level may fare favorable to a neighboring district and the next, it may not. Every district is different in their class size goals. Our district has made a concerted effort to reduce class sizes and has set the following goals for class sizes in BHM Schools:

Kindergarten.....	22 or less
Grades 1-2.....	24 or less
Grade 3	26 or less
Grades 4-5.....	28 or less
Grades 6-12.....	30 or less

To reduce class sizes, you need more teachers. Can you use the 2014 bond referendum funds to help pay for more teachers?

No. The funds from the 2014 bond referendum could ONLY be used for the building projects and upgrades as identified and cannot be used for operating expenses such as teacher salaries. Funds from the 2014 bond election can only be placed in Fund 06 (Construction Fund) which can only pay for construction-related costs. Teachers are not an allowable expenditure in the Construction Fund.

GOAL: Safety and Security

We just gave you money in the 2014 bond referendum election to help with safety and security. Do you need additional funds to do more or did you not budget those projects adequately?

Yes we budgeted adequately, but we need to do more. The funds from the 2014 bond referendum could ONLY be used for building projects and upgrades. We improved the safety and security of our buildings by building new, secure entrances at Discovery Elementary, Hanover Elementary and Tatanka Elementary STEM School. We also added video cameras, updated intercom systems, fixed roofs, repaired parking lots and sidewalks, and upgraded the phone system (along with many other improvements).

Since 2014, many factors have changed in the ways we want to protect our students in our schools and the types of safety measures we want to put in place. This referendum will address the need to hire personnel, such as social workers, counselors and psychologists, to help students with mental health issues and provide funds for school safety improvements such as bullet resistant window film, a blue light alert system (notifies students when they can't hear announcements), open door indicators and other identified safety improvements.

How BHM School District Spent a Dollar in 2017-18



- Direct Instructional Services – 74.3 cents (\$46.6 million)
- Transportation – 8.3 cents (\$5.2 million)
- Operations – 7.0 cents (\$4.4 million)
- Administration – 5.4 cents (\$3.4 million)
- Other – 2.9 cents (\$1.8 million)
- Tuition To Other Districts – 2.1 cents (\$1.3 million)

The information for fiscal year 2017-18 is subject to change prior to the conclusion of the district's year-end audit. Total amounts listed above are rounded.

Direct Instructional Services:

- Teacher Salaries
- Supplies
- Curriculum
- Training
- Media Personnel
- Education Support Professionals
- Special Education
- Activities - BHS & BCMS
- Technology

Operations:

- Heating
- Lighting
- Custodial

Transportation:

- School Transportation

Administration:

- Accounting
- Payroll
- Student Data
- Communications
- School Board
- Superintendent
- Directors
- Principals
- School Secretaries
- Legal

Other:

- Counseling Staff
- Health - School Nurses
- Property Insurance
- Re-employment (unemployment tax)

- Short-term Debt Interest
- Worker's Compensation
- Contingency (yearly incidentals)
- Retiree Health
- Severance (retirement)
- Mailroom

Tuition to Other Districts:

- State Aid Given to Districts (money follows student out of district for services such as special education or open enrollment)

Frequently Asked Questions, continued

GOAL: Middle School Schedule and Opportunities

What will the new middle school schedule look like?

By changing the schedule at Buffalo Community Middle School to a “modified block schedule,” students will have an opportunity to participate in more elective courses of their choice, and students who need extra help can get it during assigned times rather than being pulled out of classes. The examples show a seven-period day for three of the five days and a four-period day for two of the five days.

How will the new schedule provide more opportunities?

The schedule will offer more periods in the day so students can take additional elective classes (e.g. world languages, robotics, Project Lead the Way—an engineering class, agriculture/FFA, business, technical education, mentorship opportunities and more). The new middle school schedule will also provide opportunities for staff to provide intervention and remediation services to students without having to take them out of a class (e.g. social studies, phy ed, music).

GOAL: Special Education Deficit
If you need to fill the \$760 special education funding gap and you are asking for \$1,069.87 (net \$950) for this operating referendum, does that mean 71% of this money will go towards special education?

No. The state and federal governments continue to underfund the special education mandates they have placed on school districts. BHM Schools is already spending money for special education from our general fund to cover the cost. The funds raised through this referendum will free-up those funds to be spent in these goal areas benefiting all students. Specific amounts have not been determined for each of the four goal areas because it could fluctuate from year to year—especially with class sizes.

BCMS Example: Student Modified Block Schedule

Monday	Tuesday	Wednesday	Thursday	Friday
Prime Time			Prime Time	Prime Time
Social Studies	Prime Time	Prime Time	Social Studies	Social Studies
Science	Social Studies	Science	Science	Science
Band	Band	Electives A & B	Phy Ed	Band
Electives A & B	Phy Ed		Electives A & B	Phy Ed
Math	Math	English	Math	Math
English	Electives C & D	Intervention / Enrichment Block	English	English
Electives C & D			Electives C & D	Electives C & D

BCMS Example: Student Needing Intervention Schedule

Monday	Tuesday	Wednesday	Thursday	Friday
Prime Time			Prime Time	Prime Time
Social Studies	Prime Time	Prime Time	Social Studies	Social Studies
Science	Social Studies	Science	Science	Science
Band	Band	Electives A & B	Phy Ed	Band
Electives A & B	Phy Ed		Electives A & B	Phy Ed
Math	Math	English	Math	Math
English	Intervention	Intervention / Enrichment Block	English	English
Intervention			Intervention	Intervention

Referendum Election: Affecting the Students We Serve

On November 6, 2018, residents of the Buffalo-Hanover-Montrose School District will have the opportunity to vote on an operating referendum question that will affect the students we serve. This operating referendum, in a nutshell, will address four areas of concern facing our district: **class sizes, safety, middle school scheduling and special education funding issues.**



Dave Wilson

classroom, it affects learning. The BHM School Board supports the administration in its attempt to keep class sizes at a reasonable level. To do so, we must maintain a certain teacher/student ratio that is conducive to best learning practices (e.g. 22 students or less per class in kindergarten and 30 students or less per class in high school).

The school board continues to be concerned about the safety of our students and staff. We have already made great strides in making our schools more secure but much more needs to be done to keep our kids safe. We need to address mental health issues and be pro-active in assessing potential student behaviors.

The way we deliver curriculum at the Buffalo Community Middle School has not been addressed in many years. We want to make changes involving a modified block schedule that will allow us to personalize and individualize education and improve student performance. This will allow for more student choice, provide more academic opportunities and will make the transition to high school easier.

Finally, we need to address the rising financial responsibility of funding special education. Our current special education funding deficit is \$4.8 million per year. This is money that we must pull from our General Fund to pay for services mandated by the State of Minnesota. This is an annual stress to our budget and one that has been lowering our fund balance each year. By the year 2020, our fund balance will drop below the district's minimum fund balance policy level of 8%.

When I first was elected to the Board of Education in November 2005, our district was in a similar financial position. Within one year, I was involved in the largest budget cuts this district has ever seen. We tightened our belts and made many unpopular cuts to programs and staff. Many programs that were cut never were restored. The real loser was our students. Through the hard work and innovative ideas of our staff, we still provide the best education in the state. I want to see this fine educational opportunity continue for ALL of our students.

If this referendum passes, it will increase our real estate taxes. But ask yourself, how much do you value an education? One thing we don't talk about enough is that a Buffalo High School (BHS) student can earn one to two semesters of college credit while in high school. One credit hour at the University of Minnesota for a resident is \$502.25. If your BHS graduate earns 13 credit hours during high school, that's a savings of \$6,529 to the person paying the college bill. To me, that offsets the added property tax bill.

The nearly 6,000 students we serve deserve the best we can offer. Please be an informed voter on November 6 and remember to get out and vote.


Any teacher will tell us that whenever we exceed a certain number of students in a

Sample Ballot Question

Below is a preview of how the district's operating referendum question will look on the ballot. Be sure to look for the question either on the FRONT or BACK side of the ballot (*depends if you are voting in Wright or Hennepin county*).

Special Election Ballot Independent School District No. 877 (Buffalo-Hanover-Montrose)

November 6, 2018

Instructions to Voters:
To vote, completely fill in the oval(s) next to your choice(s) like this: 

To vote for a question, fill in the oval next to the word "Yes" on that question.
To vote against a question, fill in the oval next to the word "No" on that question.

School District Question 1 Revoking Existing Referendum Revenue Authorization; Approving New Authorization

The board of Independent School District No. 877 (Buffalo-Hanover-Montrose) has proposed to revoke the school district's existing referendum revenue authorization of \$119.87 per pupil and to replace that authorization with a new authorization of \$1,069.87 per pupil. The proposed new referendum revenue authorization would increase each year by the rate of inflation and be applicable for ten years, beginning with taxes payable in 2019, unless otherwise revoked or reduced as provided by law.

Yes Shall the school district's existing referendum revenue authorization be
revoked and the increase in the revenue proposed by the board of
 No Independent School District No. 877 be approved?

**BY VOTING "YES" ON THIS BALLOT QUESTION, YOU
ARE VOTING FOR A PROPERTY TAX INCREASE.**



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 RESIDENT DISTRICT 877

Election Information

More Information

You can find more information on the district's website at www.bhmschools.org and on the district's Facebook page.

Community-Wide Presentations

There are four scheduled presentations in our district's three communities. By the time this *Insider* is published, some of these dates may have already passed, but we encourage you to attend a presentation that is still available or gather up a group of your own and schedule a presentation.

Hanover Elementary Cafeteria
 Monday, October 15 at 5:30 p.m.

Buffalo, Discovery Center Board Room
 Tuesday, October 16 at 7 p.m.
 Tuesday, October 23 at 6:30 p.m.

Montrose Elementary School of Innovation Media Center
 Thursday, October 25 at 6:30 p.m.

Schedule a Presentation

If you would like to schedule a referendum presentation for a group from the superintendent, call 763-682-8706.

Election Hotline and Email

If you have a question about the upcoming referendum election we have set up a hotline for you to call and an email for your convenience: 763-682-0877 or election@bhmschools.org.

Early Voting

Residents who live in the following cities may vote in person at their city hall: Buffalo, Greenfield, Hanover, Rogers and St. Michael.

To receive a ballot by mail you may complete an online application on the state's election site at: www.sos.state.mn.us/elections-voting/other-ways-to-vote/vote-early-by-mail or you may email aunderbe@bhmschools.org for the Absentee Ballot Application that you need to complete and mail to Wright or Hennepin Counties for an election ballot.

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Special Election Edition

BHM Operating Referendum

Tuesday, November 6

School Board

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 Melissa Brings Clerk
 Laurie Raymond Treasurer
 Ken Ogden Acting Clerk/Treasurer
 Amanda Reineck Director
 Bob Sansevere Director
 Jack Leipholtz Student Representative
 Scott Thielman Superintendent

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Reader comments or questions welcome!

When to Vote

Polling places will be open on Election Day, Tuesday, November 6, 2018 from 7 a.m.-8 p.m.

Where to Vote

Since this is a general election, district residents will vote in their regular polling places. To find where you vote, you can visit the state's polling place finder at: www.pollfinder.sos.state.mn.us.

VOTE

Tuesday November 6, 2018