

## **The quality of a student's education should not depend on their zip code.**

**Schools for Equity in Education's (SEE) top legislative priority is a comprehensive school levy relief and reform package. All communities value their local schools and must have equal access to affordable levy revenue so their students can have the same educational opportunities seen in high-property wealth school districts.**

Minnesota's operating referendum and debt service equalization programs were established in 1991 in an effort to equalize education-related property taxes to ensure that low property wealth school districts were not paying considerably more in property taxes to support educational operations and building construction than school districts with higher levels of property wealth. The equalization factors that determine the state/local share of these taxes has not kept pace with the rate of growth in property wealth and as a result, many low property wealth school districts find themselves in the same unfair position they occupied prior to 1991.

When the referendum market value measure was developed and implemented in 1993, the equalizing factor was set at a level where all school districts in Minnesota except one qualified to receive some measure of state aid as part of their operating levy. Over the past thirty years, the first-tier equalizing factor has increased by just under 20% while the state average referendum market value per student has increased by over 300%. This means that in 1993, a district at the state average in terms of referendum market value per pupil unit was receiving approximately two-third of their first-tier referendum revenue through state aid. For the current year, a district at the state average referendum market value per pupil unit receives no state aid. This has created vast disparities in the level of property tax effort necessary for districts with moderate to low property wealth to fund their schools when compared to districts with higher levels of property wealth. High property wealth districts have two-to-three times the buying power for these levies, which translates into less in terms of student opportunity for students in low property wealth school districts.

The first-tier equalizing factor for the local option revenue is higher than that for the operating referendum, but that too has been static since it was first established in 2013. Districts without an operating referendum rely on local option revenue and property tax fairness needs to be incorporated into that funding stream as well.

The pattern for the debt service equalization program is similar to that of the operating referendum. The debt service equalization program is more complex than that for the operating referendum, but the pattern of diminishing state aid and fewer districts qualifying for state aid to equalize local property effort is the same. State aid assumed more than 10% of the state's total debt service revenue in the late-1990s, but the current level of state support sits at around 3%. For many growing districts, the property tax burden for schools is often spent to construct new buildings. This leaves less effort available for district operations.

**To remedy the current situation, SEE recommends that the equalizing factors for the referendum and debt service programs be increased to reflect the growth in property wealth and those factors be adjusted upward on an ongoing basis to help maintain property tax fairness.**