



November 14, 2023

Dear Rochester Public Schools Parents, Staff, and Other Stakeholders,

I am writing to share some thoughts on the referendum that was narrowly defeated last week. I also plan to address this subject at tonight’s meeting of the Rochester School Board, and we will release a video of those remarks on Wednesday. I am seeking to share these observations as widely as possible not just in the coming days but also in the coming weeks and months because this can and should be a turning point for education in our community.

My main message is this: if Rochester wants to provide all its young people with the caliber of education that will enable them to succeed in the economy and in society in which they will live their lives, additional funding for our school district is urgent and essential.

Over the past three months, I spoke to dozens of organizations and met with hundreds of people about the technology referendum that ultimately did not pass. During those presentations, I shared a lot of information, but the visual that always generated the most questions and discussion was this table:

VOTER-APPROVED COMMUNITY INVESTMENTS IN SCHOOLS

District	Estimated Adjusted Pupil Units	Per Pupil \$ Amount of Operating Referendum	Per Pupil \$ Amount of Capital Projects Referendum	Per Pupil Operating + Capital Projects Referendum
Bloomington	11,065	\$2,096	\$1,024	\$3,119
Minnetonka	12,314	\$2,265	\$750	\$3,015
Wayzata	13,023	\$2,102	\$840	\$2,941
Osseo	22,873	\$2,126	\$590	\$2,716
Robbinsdale	11,675	\$2,088	\$569	\$2,656
South Washington Co.	20,589	\$1,944	\$166	\$2,110
Rosemount-Apple Valley-Eagan	31,765	\$1,838	\$269	\$2,107
Mounds View	12,485	\$2,036	\$0	\$2,036
Lakeville	13,116	\$1,630	\$299	\$1,929
Elk River	15,041	\$1,428	\$0	\$1,428
North Saint Paul-Maplewood-Oakdale	11,236	\$979	\$0	\$979
Rochester	18,587	\$916	\$0	\$916
Average	16,147	\$1,787	\$348	\$2,136

Many of the people I spoke with were surprised that Rochester Public Schools is so far behind other comparable Minnesota school districts in local funding from voter-approved operating and capital projects referendums. They agreed that the other school districts listed on the table are ones that Rochester Public Schools should compare itself to – not just in the amount of funding we receive, but also in the quality of the educational programs we offer and the educational outcomes our students achieve.

It is important to note that there are other school districts in Minnesota that, like Rochester Public Schools, receive comparatively low levels of funding from their local communities. Those school systems, however, are not located in a community that is and seeks to remain a global leader in medicine, science, and service to humanity.

In the years ahead, we need to close the gap between the high level of knowledge and skill that Rochester's future economy will require and the relatively low level of investment that Rochester currently makes in its young people. To close that gap, we will need to demonstrate to our community that providing RPS with increased funding is an investment not only in the future of our students, but also in the productivity and profitability of our employers. Research shows that it is also an investment in the property values of homes that are located near flourishing schools.

Unfortunately, given the defeat of the technology referendum last week, making the case to our community for increased investment in education is not our most immediate task. Instead, we must now focus on finding ways to cut and balance the district's budget for the 2024-2025 school year and the years that immediately follow.

Every presentation that I made about the referendum and every communication that the school district issued included notice that if the proposed technology levy did not pass, we would need to make painful cuts that will damage the education and development of our community's youth. I made that point with a sense of urgency because since I arrived in Rochester in July of 2021, we have cut \$21 million dollars from the budget, resulting in the elimination of more than 150 positions. Eliminating those positions was personally painful but organizationally essential to put Rochester Public Schools on the path to a financially sustainable future.

As a result of the failure of the technology referendum, we will need to make at least \$10 million in cuts in the school district's 2024-2025 budget. We must make those cuts for two inescapable reasons: revenue is going down and expenses are going up.

The decrease in revenue that our district will experience next year will not be, despite what some may say, a result of significantly declining enrollment. Unless something unforeseen occurs (which COVID taught us can happen), our enrollment will be essentially flat next year.

Rather than enrollment decline, the decrease in revenue that Rochester Public Schools will experience during the 2024-2025 school year will be due to the end of funding that the federal government provided to RPS to mitigate the effects of the COVID pandemic. RPS is currently utilizing its final \$10 million in COVID funding to support core positions such as counselors and social workers that have helped students emerge from the trauma of the pandemic. All of those positions and other essential expenses must be covered by school district resources after federal funding ends in September, 2024.

In addition to decreasing revenue, the other reason that Rochester Public Schools must make major budget cuts next year is the need to increase salaries and benefits for the dedicated employees who make our school district work.

For example, next year the cost of the contract with our school bus company will grow by more than 30% over the current contract. While I will soon make recommendations to the Rochester School Board to reduce transportation costs, our next bus contract must still be significantly higher if we are to provide our bus drivers with the income and the hours that will entice and enable them to enter and stay in the job. Improving pay for the drivers that transport our students safely to and from school each day is essential if we are to reduce the driver shortages that have contributed to uneven transportation service for students over the past two years.

Along with increasing compensation for the drivers who work indirectly for Rochester Public Schools through our bus company, we must also increase support for several groups of employees who work directly for Rochester Public Schools. We are currently engaged in negotiations with three of our employee unions, all of whom provide invaluable support for our students. The largest of those unions is the Rochester Education Association (REA), which represents teachers and other staff in positions that powerfully influence students' learning and development.

Recognizing the extraordinary work that REA members do with and for our students every day and the rising costs that they face in supporting their own families in today's economy, I have proposed to the union that we increase the total cost of their next contract with the school district by 14.88% over the current contract. If approved, that would be the largest percentage increase in REA's contract with RPS in at least three decades. It would also be a larger increase than any other reported contract settlement in Minnesota during the current negotiations cycle to date.

Teachers and other members of REA are at the center of the Rochester Public Schools strategic plan, and so increased support for their invaluable work is essential. Our negotiations with REA are ongoing, and I am deeply committed to reach a strong settlement, but we can only find solutions within the resources that are actually available to us.

And that brings me to a final point: how do we increase the resources that are available to us?

Over the long term, we need to aggressively implement the RPS strategic plan, which I am confident will make Rochester Public Schools the educational provider of choice in our community. Increasing enrollment is ultimately the most powerful path to increased and sustainable funding.

In addition, we must continue to advocate for levels of funding from the State of Minnesota that recognize the reality of inflation and the cost of increasing mandates from the State.

More immediately, we need to sustain the current level of funding that we receive from the citizens who live in the Rochester Public School District. Toward that end, I will recommend that the Rochester School Board renew the operating levy that voters passed in 2015 and that will expire in 2025. That levy generates \$17 million for the school district each year, adjusted for inflation. The State of Minnesota has provided school boards with one-time authority to renew an existing operating levy for the same amount of funding and for the same duration without conducting an election. Next month, I will recommend that the Rochester School Board utilize that authority to avoid making another \$17 million in devastating cuts to our school district budget during the 2025-2026 school year.

It is important to note that renewing our current operating levy will not raise taxes. But as I suggested at the start of this message, maintaining the current level of funding that Rochester Public Schools receives from its local community is not enough to meet the educational aspirations that we hold for our young people or the needs of Rochester's future workforce.

To help close the gap between our community's educational aspirations and its investments, I will recommend that the Rochester School Board put another capital projects levy on the ballot during the 2024-2025 school year. While we will conduct extensive analysis and outreach to determine the focus of that referendum proposal and the amount of funding that we will request, there is no question in my mind that I will recommend that we go back to the people of Rochester at some point during the upcoming school year to ask for increased investment in our students.

I am confident that the defeat of the referendum last week was not the end of a conversation with our community about its support for education. It was the beginning.

Sincerely,

A handwritten signature in black ink that reads "Kent Pekel". The signature is written in a cursive, slightly slanted style.

Kent Pekel, Ed.D.
Superintendent