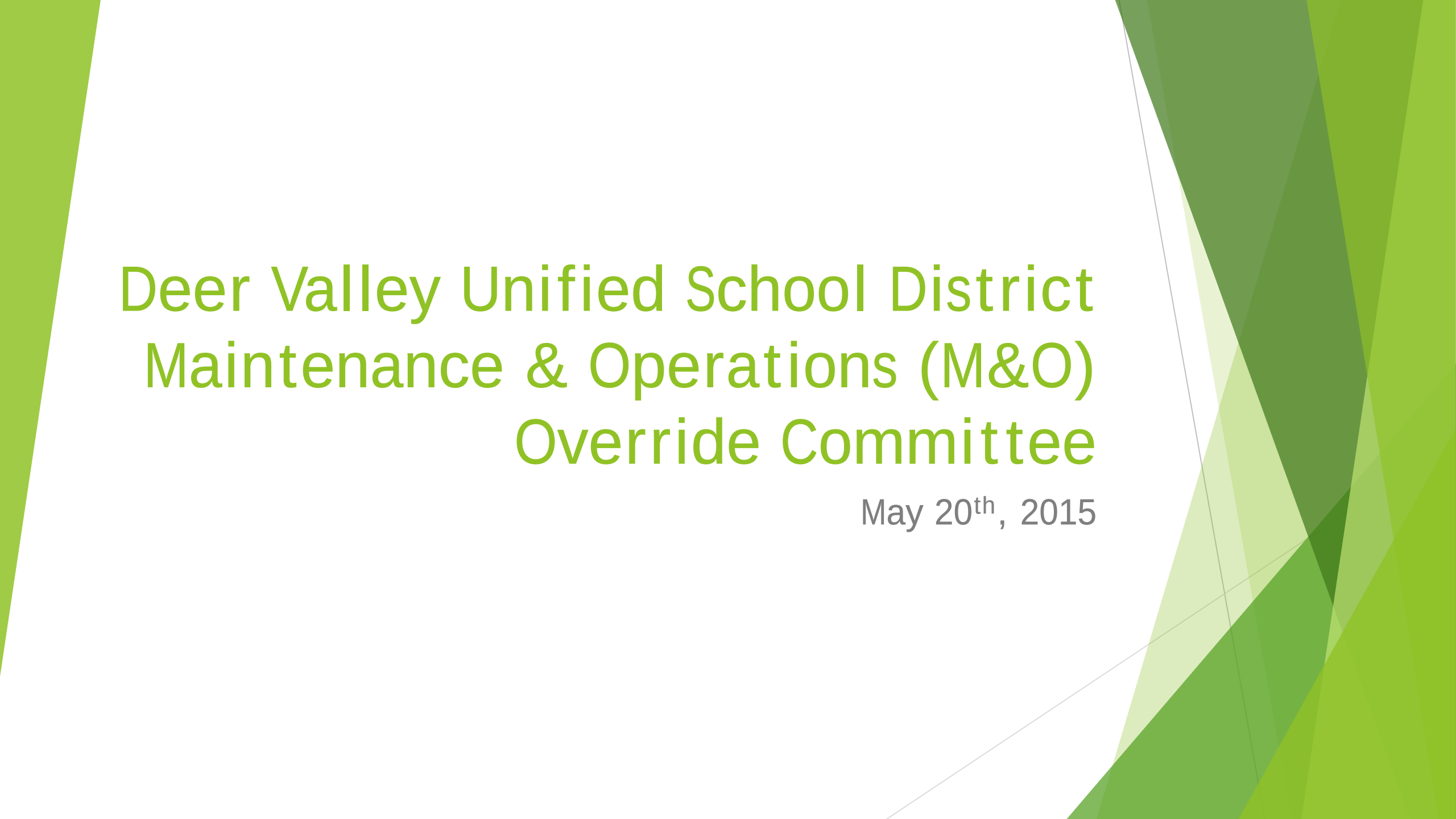


The background features abstract, overlapping green geometric shapes in various shades of green, creating a modern, layered effect. The shapes are primarily triangular and polygonal, with some areas appearing more translucent than others.

Deer Valley Unified School District Maintenance & Operations (M&O) Override Committee

May 20th, 2015

Agenda

- ▶ Introductions
- ▶ Committee Charge
- ▶ Recap of May 14th M&O Override Committee Meeting
- ▶ History of Elections
- ▶ Current Voter-Supported Revenue Sources
- ▶ Financial Impact of M&O Override
- ▶ Financial Priorities
- ▶ Future Funding Options
- ▶ Polling Results
- ▶ Next Steps

M&O Override Committee

The Deer Valley Unified School District enjoys a 10% voter approve Maintenance & Operations (M&O) override. The M&O Override was last approved in 2010 and these overrides have to be renewed every 5 years or they are phased out. The M&O Override funding provides more than \$15.6 million in funding for the District. Even with this funding, the amount of money the District receives is below the State average and below our comparable district average.

Committee Charge:

- To determine the need to continue the Maintenance & Operation (M&O) Override and consider other election-related funding options for the district.

Committee Membership

- Looking for parents, community members and staff to meet a couple of times in May of 2015 to develop a recommendation regarding the M&O Override election in November of 2015 to be presented to the Governing Board.

Recap of May 14th M&O Override Committee Meeting

- ▶ School Districts are funded on a per pupil basis plus any voter approved initiatives
- ▶ School Districts operate within various funds, some of which can only be used for specific purposes
- ▶ State funding has been reduced each year since 2008-09 – for a cumulative reduction of over \$61.5 million through FY16 - current funding is just \$21 per student more than the amount of State funding per pupil in 2007-08
- ▶ Deer Valley Unified School District receives less money per student than our comparable districts
- ▶ Deer Valley Unified School District spends 87.3% of its money on salaries and benefits and 58.3% of its total spending on direct classroom instruction (third highest in its peer group)

History of DVUSD Elections

1990 Elections - 10% M&O Override - *passed*

1992 Elections - \$60,400,000 bond - *passed*

1995 Elections - 10% M&O Override - *failed*

1996 Elections - 10% M&O Override - *passed*
\$129,000,000 bond - *passed*

2001 Elections - 10% M&O Override - *passed*

\$77,500,000 Bond - *passed*

\$6,242,250/Year Capital Override - *did not pass*

2004 Elections - \$90,000,000 Bond - *passed*

\$7,500,000/Year Capital Override - *did not pass*

2005 Elections - 10% M&O Override - *passed*

\$7,500,000/Year Capital Override - *passed*

2008 Elections - \$148,000,000 Bond - *passed*

2010 Elections - 15% M&O Override - *did not pass (March)*
10% M&O Override - *passed (November)*

2012 Elections - \$7,500,000/Year Capital Override - *did not pass*

2013 Elections - \$158,315,000 bond - *passed*

Current Voter-Supported Revenue Sources

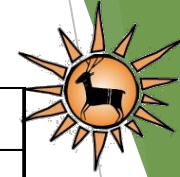
2013 Bond Authorization

Bonds

- ▶ Requires an election
- ▶ Restricted to a percentage of assessed property valuations
- ▶ Further restricted to items outlined in voter pamphlet
- ▶ Typically for capital assets with a long useful life
- ▶ Funded from local property taxes

Current Voter-Supported Revenue Sources

2013 Bond Authorization



DVUSD Capital Area of Needs			6 Year Bond	
Curriculum Based Needs			Cycle	Budget
	E- Textbooks Devices	Annually	\$	1,400,000
	Technology			
	Replacement/New	Annually	\$	4,000,000
	Innovation	Annually	\$	350,000
	WAN Upgrades	One Time	\$	5,000,000
	BYOD Initiative	One Time	\$	3,825,000
	Phone System	One Time	\$	1,200,000
	Copiers	Every 8 Years	\$	2,730,000
	Furniture & Equipment	Annually	\$	175,000
	Furniture & Equipment -New School	One Time	\$	2,000,000
Transportation Needs				
	Replacement Buses/Air Conditioning	Annually	\$	750,000
	Fleet Vehicle Replacement	Annually	\$	100,000
	Technology	Annually	\$	50,000
Facilities Needs				
	Building Renewal			
	Roofing	Annually	\$	750,000
	Painting	Annually	\$	1,000,000
	Flooring	Annually	\$	500,000
	HVAC Systems	Annually	\$	2,000,000
	Energy Conservation	Annually	\$	1,500,000
	Electronic Marquees	One Time	\$	1,120,000
	Security & Safety	Annually	\$	1,000,000
	Camera Systems	\$70K/campus	\$	70,000
	Resurfacing	Annually	\$	750,000
	Playground Improvements	Annually	\$	100,000
	Facilities Equipment	Annually	\$	100,000
Modernizations			Per campus	
	5 next oldest campuses remodel	\$ 7,000,000	\$	35,000,000
	<i>Desert Sky, Arrowhead, Bellair, Hillcrest, Esperanza</i>			
Growth				
	Student Growth	One Time	\$	2,000,000
	Elementary #31	One Time	\$	16,000,000
				\$ 158,315,000

Current Voter-Supported Revenue Sources

M&O Override

An override is authorization from the voters to exceed the State funding formula for education. Overrides fund Maintenance and Operations (M&O) expenses, which mostly fund salary and benefit costs (87.3% for DVUSD in FY14) plus supplies, materials and services.

An override can be for up to seven years but it phases out after the fifth year if not renewed by the voters (1/3 in Year 6, 2/3 in Year 7, and then 100% thereafter).

Current Voter-Supported Revenue Sources

Current 10% M&O Override

<u>M&O Override Category</u>	<u>FY14 Amount</u>	<u>Planned in FY15</u>
6% of All M&O Salaries	\$ 7,980,082	\$ 7,898,185
Class Size at Grades K-6 (-3 FTE/Class Load)	\$ 2,793,000	\$ 2,783,000
Class Size at Grades 7-12 (-3 FTE/Class Load)	\$ 3,087,000	\$ 3,150,000
Extracurricular Activities	\$ 500,000	\$ 500,000
Support Services Staff	\$ 490,000	\$ 490,000
District Budgets (10%)	\$ 520,000	\$ 538,000
School Budgets (10%)	\$ 210,000	\$ 235,000
Kindergarten Routing at 1/2 Mile	\$ 80,000	\$ 80,000
	\$ 15,660,082	\$ 15,674,185

Current Voter-Supported Revenue Sources

What Happens if the Override is Not Renewed?

A reduction of \$5.2 million for FY17 (2016-17 school year)

- ▶ Options that may be considered to be reduced/changed:
 - ▶ All M&O Salaries
 - ▶ Class Size at Grades K-6
 - ▶ Class Size at Grades 7-12
 - ▶ Extracurricular Activities
 - ▶ Support Services Staff
 - ▶ District Budgets
 - ▶ School Budgets
 - ▶ Kindergarten Bus Routing

A reduction of \$10.4 million for FY18 (2017-18 school year)

A reduction of \$15.6 million for FY19 (2018-19 school year)

Comparable Districts Override Amounts

- ▶ Chandler = 15%
- ▶ Gilbert = 6.6% (on phase down) plus a \$8.2 M Capital Override
- ▶ Paradise Valley = 13.3% plus a \$5.8 M Capital Override
- ▶ Peoria = 10% (seeking an increase to 13% for FY16)
- ▶ Scottsdale = 15% plus a \$9.9 M Capital Override
- ▶ Deer Valley = 10%

Cost of M&O Override

<u>FY 15 @ 10%</u>	<u>Amount</u>
Override Amount	\$ 15,674,185
Total Secondary AV	\$ 2,202,994,012
Tax Rate	\$ 0.7096
Average Home AV	\$ 173,239
Average Home Annual Override Tax	\$ 122.93

<u>FY 16 w 10% override renewal</u>	<u>Amount</u>	<u>Difference</u>	<u>% Change</u>
Override Amount	\$ 16,211,495	\$ 537,310	3.4%
Total Secondary AV	\$ 2,206,516,556	\$ 3,522,544	0.2%
Tax Rate	\$ 0.7324	\$ 0	3.2%
Average Home AV	\$ 174,277	\$ 1,038	0.6%
Average Home Annual Override Tax	\$ 127.64	\$ 4.71	3.8%

<u>FY 16 w 15% override renewal</u>	<u>Amount</u>	<u>Difference</u>	<u>% Change</u>
Override Amount	\$ 24,317,243	\$ 8,643,058	55.1%
Total Secondary AV	\$ 2,206,516,556	\$ 3,522,544	0.2%
Tax Rate	\$ 1.1021	\$ 0	55.3%
Average Home AV	\$ 174,277	\$ 1,038	0.6%
Average Home Annual Override Tax	\$ 192.07	\$ 69.14	56.2%

Each 1% increase in the M&O Override generates \$1.7 million at an annual cost of \$12.89 for the average homeowner (assessed valuation of \$174,277)

Amounts are shown for illustrative purposes as the existing M&O Override continues at 10% for FY16.

2014-15 Tax Rate Comparison

	<i>Deer Valley USD</i>		<i>Chandler USD</i>		<i>Gilbert USD</i>		<i>Paradise Valley USD</i>		<i>Peoria USD</i>		<i>Scottsdale USD</i>	
	<u>Levy</u>	<u>Tax Rate</u>	<u>Levy</u>	<u>Tax Rate</u>	<u>Levy</u>	<u>Tax Rate</u>	<u>Levy</u>	<u>Tax Rate</u>	<u>Levy</u>	<u>Tax Rate</u>	<u>Levy</u>	<u>Tax Rate</u>
Primary Assessed Valuation	\$ 2,113,443,430		\$ 2,138,924,286		\$ 1,521,168,351		\$ 2,893,516,815		\$ 1,416,779,356		\$ 4,357,888,646	
M&O	\$ 88,157,996	\$ 4.1713	\$ 96,815,323	\$ 4.5264	\$ 79,237,837	\$ 5.2090	\$ 118,788,032	\$ 4.1053	\$ 56,867,984	\$ 4.0139	\$ 134,533,405	\$ 3.0871
Capital Outlay	\$ 4,305,376	\$ 0.2037	\$ 1,869,696	\$ 0.0874	\$ -	\$ -	\$ -	\$ -	\$ 5,881,767	\$ 0.4152	\$ -	\$ -
Soft Capital	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special Projects	\$ 747,955	\$ 0.0354	\$ 6,001,699	\$ 0.2806	\$ -	\$ -	\$ 217,815	\$ 0.0075	\$ -	\$ -	\$ 960,730	\$ 0.0220
Total Primary	\$ 93,211,327	\$ 4.4104	\$ 104,686,718	\$ 4.8944	\$ 79,237,837	\$ 5.2090	\$ 119,005,847	\$ 4.1128	\$ 62,749,751	\$ 4.4290	\$ 135,494,135	\$ 3.1092
Secondary Assessed Valuation	\$ 2,202,994,012		\$ 2,238,429,059		\$ 1,596,222,809		\$ 2,970,807,651		\$ 1,471,213,352		\$ 4,556,319,442	
Capital Override	\$ -	\$ -	\$ -	\$ -	\$ 7,667,303	\$ 0.4803	\$ 5,869,151	\$ 0.1976	\$ -	\$ -	\$ 9,850,086	\$ 0.2162
M&O Override	\$ 15,633,172	\$ 0.7096	\$ 28,452,496	\$ 1.2711	\$ 5,615,698	\$ 0.3518	\$ 21,036,545	\$ 0.7081	\$ 16,770,624	\$ 1.1399	\$ 7,286,527	\$ 0.1599
Class A Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,637,639	\$ 0.6274	\$ 17,630,507	\$ 1.1984	\$ 10,188,711	\$ 0.2236
Class B Bonds	\$ 29,937,271	\$ 1.3589	\$ 25,087,682	\$ 1.1208	\$ 18,951,844	\$ 1.1873	\$ 33,650,069	\$ 1.1327	\$ 7,406,496	\$ 0.5034	\$ 18,442,104	\$ 0.4048
Total Secondary	\$ 45,570,443	\$ 2.0686	\$ 53,540,178	\$ 2.3919	\$ 32,234,845	\$ 2.0194	\$ 79,193,404	\$ 2.6657	\$ 41,807,627	\$ 2.8417	\$ 45,767,428	\$ 1.0045
Total Tax Rate		\$6.4790		\$7.2862		\$7.2285		\$6.7786		\$7.2708		\$4.1137
Average Home Value	\$ 173,239		\$ 195,060		\$ 170,977		\$ 197,966		\$ 127,720		\$ 354,485	
Total Primary Tax Paid	\$ 764		\$ 955		\$ 891		\$ 814		\$ 566		\$ 1,102	
Total Secondary Tax Paid	\$ 358		\$ 467		\$ 345		\$ 528		\$ 363		\$ 356	
Total Tax Paid	\$ 1,122.41		\$ 1,421.25		\$ 1,235.90		\$ 1,341.93		\$ 928.62		\$ 1,458.23	
Prior Year Total Tax Rate		\$ 6.5874		\$ 6.4602		\$ 7.1312		\$ 7.1530		\$ 7.5288		\$ 4.5788
% Change over prior year		-1.6%		12.8%		1.4%		-5.2%		-3.4%		-10.2%

Five-District Average = \$6.5355

Average without SUSD = \$7.1410 due to their high AV

DVUSD Financial Priorities

- ▶ Salary Increase for All Employees
 - ▶ Real Earnings for all employees has not kept up with inflation – a 1% salary increase costs \$1,342,000
- ▶ Restore Capital Funding
 - ▶ With 100% of the limited capital allocation now moved in to M&O the District has no capital funds to meet essential District needs after FY16 - \$3 million/year
- ▶ Address the Structural Deficit
 - ▶ We need a plan to reduce the dependency on one-time budget options that cannot be sustained over time - \$5.3 million included in FY16 budget

DVUSD Financial Priorities To Be Considered

FY16 Projected Costs

Full-Day Kindergarten	\$ 2,400,000	46 FTE
1% Salary Increase	\$ 1,342,000	Salary increase for all employees
Renaissance	\$ 892,500	11 FTE at Highland Lakes and 6 FTE at Canyon Springs over their normal staffing
Youth Transition Program	\$ 649,000	another \$949,000 is paid by a grant
International Baccalaureate	\$ 397,500	7 FTE, additional \$30,000 in non-staffing \$\$
eSchools	\$ 370,000	online course offerings
Mandarin	\$ 367,500	7 FTE over their normal staffing
International Baccalaureate-MYP	\$ 161,120	2 FTE, librarian vs library clerk, additional \$31,120 in non-staffing \$\$
ROTC	\$ 105,000	2 FTE, an ongoing grant pays for 2 more FTE

Options for Funding Future Needs

in no particular order

- ▶ Request an election to renew the M&O Override at 10%
- ▶ Request an election to increase the M&O Override to up to 15%
- ▶ Request an election for a Capital Override
- ▶ Other Suggestions – ?

Polling Results

District Website Questions

- ▶ Would you support a renewal of the District's Maintenance & Operation 10% Override?
 - ▶ 100% responded yes (28 responses through May 20, 2015)
- ▶ Would you support an increase in the District's Maintenance & Operation Override above 10% but not more than 15% to provide a dedicated funding source for things like full-day kindergarten, to eliminate the newly implemented athletic fees, and continue specialized programs for students?
 - ▶ 100% responded yes (28 responses through May 20, 2015)

Polling Results

Voter Survey

- ▶ 271 responses received through May 20, 2015
- ▶ In general, responses were favorable towards the District
- ▶ Strong support to renew the override with it not being an increase and that it would not increase class size
- ▶ Some support for an increase in the override for full-day kindergarten – 53.5%
- ▶ Less support for an increase to eliminate athletic fees – 45.4%
- ▶ Strong support for specialized programs for students like art, music, band & PE – 80.4%

Next Steps

Next Steps

- ▶ Finalize a Committee Recommendation
- ▶ May 26th Governing Board Presentation
- ▶ June 9th Governing Board to Consider Formally Calling for any November 2015 Election
- ▶ July 6 – Deadline to Submit Signed Resolution and Submission of Informational Pamphlet
- ▶ August 7 – Deadline for Pro/Con Arguments
- ▶ August 10 – Deadline for Ballot Language
- ▶ September 29 – Deadline to Mail Publicity Pamphlet
- ▶ October 8 – Early Voting Starts
- ▶ November 3 – Election Day