

**DEER VALLEY**  
*Unified School District*

2022-2023  
Proposed  
Expenditure Budget

JUNE 28, 2022

# Budget Process



- ▶ Input
  - ▶ Board Study/Executive Sessions
  - ▶ District Budget Committee
  - ▶ Negotiation Solution Team (NST) Meetings
- ▶ Proposed Budget approval provides the limit – or framework - for the Adopted Budget
  - ▶ *Scheduled to be considered June 28, 2022*
- ▶ Adopted Budget is the official budget
  - ▶ Scheduled to be considered July 12, 2022  
(must be approved by July 15<sup>th</sup> each year)

*Note – the State forms are the official adopted budget and the Gold Book represents our Working Budget*

# 2022-2023 Budget Changes Since Preview



## Legislative Changes Since June 14 Budget Preview:

- ▶ The base level will be increased to \$4,775.27
  - ▶ the budget eliminates the 1.25% for teacher comp
- ▶ Includes an 11.44% increase in District Additional Assistance (DAA)
- ▶ Group B weight for specific students increased from 0.093 to 0.292
- ▶ Other minor adjustments

Approximately \$13M Maintenance and Operation

# 2022-2023 Budget Priority Recommendations



As the District continues to adapt to the unique challenges of the changing climate, the Budget Committee recommends the following:

- ▶ Fund competitive salary and benefit package for the retention of all existing employees.
- ▶ Develop a committee that explores opportunities that:
  - ▶ re-engage and retains employees
  - ▶ evidence the value all employees have to the educational process
  - ▶ makes employment at DVUSD desirable for new applicants
- ▶ Ensure and maintain all virtual and physical safety aspects throughout the District.
- ▶ Maintain, expand and/or reinstate special programs for students, to include curricular and extracurricular programs.
- ▶ Support the volunteer Work Team as they continue to study the impact of the adult-to-student ratio on student learning.

# Summary of Proposed Budget Book

\*Does not include late-June legislative budget increases



## Highlights of Proposed Budget Factors

- ▶ Base Support Level
  - ▶ M&O Override continues at 15%
  - ▶ 2.00% Inflationary increase added to M&O
    - ▶ Annual inflationary increase of either 2% or the change in the GDP price deflator; whichever is less; [A.R.S. §15-901.01](#)
  - ▶ Current year funding provision included (projecting 1% increase in students from prior year 100th Day)
  - ▶ The Teacher Experience Index (TEI) is increased to 1.0061 from 1.0009
- ▶ M&O carryforward projected to be \$ 22,087,026
- ▶ Includes use of \$915,000 School Opening Fund

# Summary of Proposed Budget Book

\*Does not include late-June legislative budget increases



## Highlights of Proposed Budget Factors (con't)

- ▶ Staffing is based on a projected student enrollment remaining unchanged, using current staffing standards
  - ▶ The class size standards that are used are KDG (26), 1<sup>st</sup> (28), 2<sup>nd</sup>-3<sup>rd</sup> (29), 4<sup>th</sup> (33), 5<sup>th</sup>-6<sup>th</sup> (34), 7<sup>th</sup>-8<sup>th</sup> at K-8 schools (27), 7<sup>th</sup>-8<sup>th</sup> at middle schools (28), high schools (27.5)
- ▶ District Additional Assistance (capital) be fully funded. 2021-2022 was the first time in 13 years it was not reduced. DAA reductions began in FY09 by legislative action.
- ▶ Continued use cash accounts included in budget at an amount of \$4,240,000 (includes: half of 5-Cash Accounts, \$3.94 M; Athletic Participation Fees, \$300K; Parking Fees \$100K)

# Summary of Proposed Budget Book

\*Does not include late-June legislative budget increases



## Highlights of Proposed Budget Factors (con't)

- ▶ Net Result is the General Budget Limit increases from \$259.99 million in FY22 to \$267.53 million in FY23.

Increase			
\$4.27 M	Group A Weight	\$4.3 M	Inflationary Funding (2%)
\$2 M	Group B Weight	\$1 M	Teacher Experience Index (TEI)
\$2.09 M	M&O Override	\$ 9.59 M	Carry Forward
\$452 K	District Additional Assistance (Capital)	\$1.37 M	Cash Accounts
		\$915 K	School Opening Fund
Decrease			
\$-12.5 M	ESSER Funding	\$-4.9 M	Budget Adjustments (FY21 distance learning reconciliation)
\$-44,000	Prop 123	\$-1 M	DAA Kept in capital



2022-23 MAINTENANCE AND OPERATION FUND		
Base Support Level		195,087,374
Transportation Revenue Control Limit		8,694,166
Additional \$75 million (Prop 123)		2,133,018
District Additional Assistance (DAA)(Capital)		15,333,430
DAA Kept in Capital		(12,000,000)
Tuition Paid to Deer Valley		270,000
Override Funds		30,317,498
ESSER III		2,500,000
Use of Cash Accounts		3,940,000
Parking Fees		100,000
Athletic Participation Fee		200,000
Contingency		(2,000,000)
School Opening Fund		915,000
Estimated Budget Balance from 2021-22		22,087,026
Projected General Budget Limit	\$	267,577,512
Total Maintenance and Operation Fund Expenses	\$	267,577,512
Budget Balance Remaining	\$	-
<b>FY23 Potential Revenue Increases*</b>		13,000,000
*result of Legislative action and include increase to base support level, district additional assistance, Group B Weight		

Proposed



# Summary of 2022-23 Budget Adjustments



## Staffing

- ▶ Salary increases provided for all employees:  
\$12 million for salary increases are included
  - ▶ Certified Increase 6%
  - ▶ Other Professional Staff 6%
  - ▶ Classified Increase 6%
  - ▶ Classified Salary Compression \$1.01M
  - ▶ Admin/Exempt Increase 5%
- ▶ Increase in Certified Staff for Inspiration Mountain 32.5
- ▶ Increase in Classified Staff for Inspiration Mountain 15.5
- ▶ Increase of 3.4 FTE Certified Staff
- ▶ Increase of 14.6 FTE Classified Staff

# Summary of 2022-23 Budget Recommendations



<b>FY23 Budget Recommendations</b>		
Apprentice Reclassifications	2,000	0.0%
District Reclassifications	33,000	0.0%
M&O Funded Positions	354,400	0.1%
Special Education Staffing (Futures) (\$457K MIPS)	-	0.0%
Total Expenditures	389,400	0.1%

# Summary of Adjustments to 2022-23 Budget (cont.)



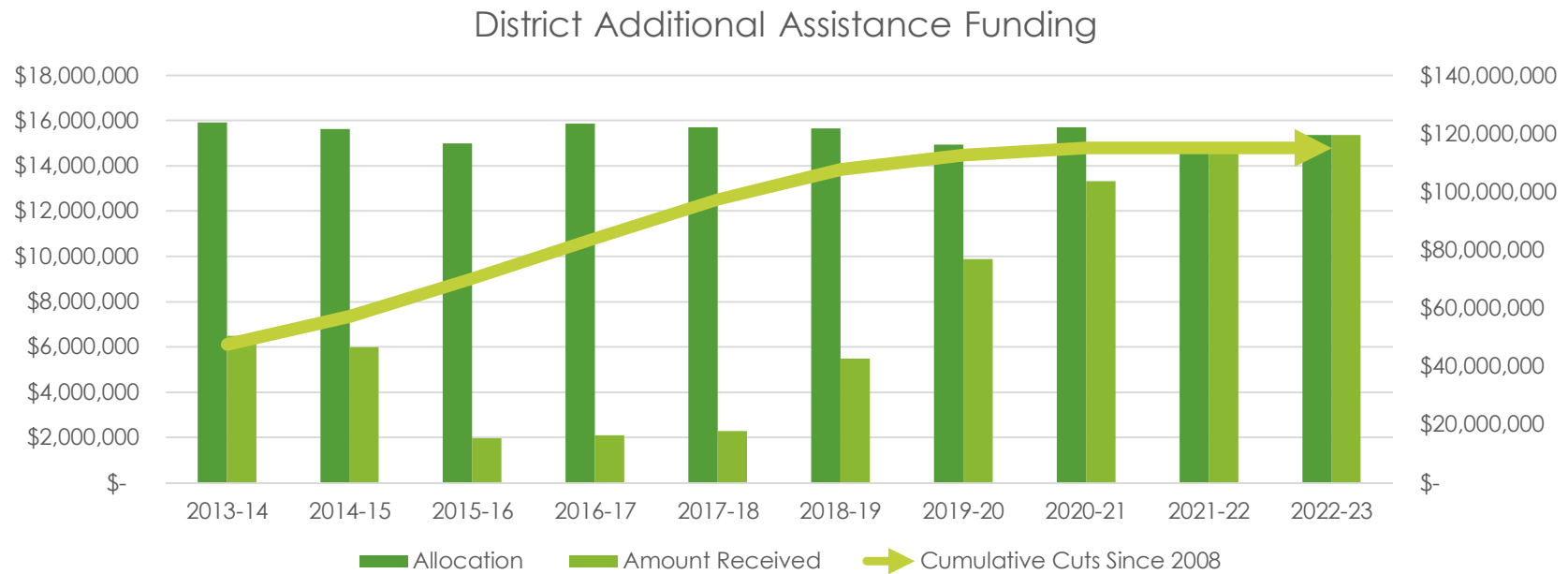
## Non-Staffing

- ▶ State Retirement decrease from 12.41% to 12.17%
- ▶ Increase in Utilities \$250,000 (Electricity increase)
- ▶ Increase in Graduation, AIA Dues, ASBA, Safe Schools, Transportation, and Maintenance/Grounds \$1.44M
- ▶ Increase in school discretionary budgets, International Baccalaureate (IB) \$295,000
- ▶ Increase in Property Liability Insurance by \$350,000
- ▶ Capital Budget established at \$12 million in FY23

# District Additional Assistance



- ▶ District Additional Assistance (capital)
  - ▶ Historical Reductions
  - ▶ Over \$115M in reductions from FY09- FY21



# Factors Impacting Tax Changes



## Primary Tax

- ▶ Assessed Valuation Change & Qualifying Tax Rate (QTR)
  - ▶ DVUSD Net Assessed Valuation increased 5.3%
  - ▶ QTR decreased (3.2%) from to \$3.5388 in 2021-22 to \$3.4266 2022-23
  - ▶ State Equalization Assistance Property Tax Rate (SETR)- (eliminated FY23)
  - ▶ Homeowner's Rebate
- ▶ Cash no longer being considered in tax rate calculation

## Secondary Tax

- ▶ Assessed Valuation Change
  - ▶ Fixed payment schedules for bonds and overrides being paid for by an increasing assessed valuation

# Projected Tax Rate Implications of 2022-23 Budget



- ▶ Proposition 117 (2012) Made Changes to Assessed Valuations
  - ▶ Primary and Secondary Assessed Valuation combined in to one Net Assessed Valuation
  - ▶ Existing Assessed Valuation growth limited to 5% annually
  - ▶ Implemented for Tax Year 2015 (2015-16 School Year)
  - ▶ DVUSD Net Assessed Valuation increased 5.3% to \$3.23 Billion
- ▶ **Projected** Tax Rate Changes
  - ▶ Primary Rate decreasing -1.67%, or (\$0.0627), to \$3.7002
  - ▶ Secondary Rate increasing 2.374%, or \$.0545, to \$2.35
- ▶ Net impact on the average assessed value residential parcel of \$295,223 is an annual increase of \$73.66, or 5.8% (due mostly to average Assessed Valuation increasing by 5.3%, but will be offset by SETR being eliminated.)

# Deer Valley Unified School District

## Tax Comparison 2021 to Projected 2022 (our FY23)

	2021 Tax Year		2022 Tax Year PROJECTED		Difference
	Rate		Rate		
Primary Tax Rate	\$ 3.7629		\$ 3.7002	\$ (0.0627)	-1.7%
Secondary Tax Rate	\$ 2.2955		\$ 2.3500	\$ 0.0545	2.4%
Combined Tax Rate	\$ 6.0584		\$ 6.0502	\$ (0.0082)	-0.1%
Homeowner's Rebate	47%		47%		
<u>Average Parcel</u>	2021 Assessed Valuation	2020 Tax	2022 Assessed Valuation	2021 Tax	Difference
Primary	295,223	\$ 1,110.89	310,870	\$ 1,150.28	3.5%
Homeowner's Rebate		\$ (524.23)		\$ (542.82)	
Secondary	295,223	\$ 677.68	310,870	\$ 730.54	7.8%
<b>Total</b>		<b>\$ 1,264.35</b>		<b>\$ 1,338.01</b>	<b>5.8%</b>

NOTE – includes an estimate of Homeowner’s Rebate

# Deer Valley Unified School District Sample Parcel Tax Comparison 2021 to Projected 2022



<u>Parcel A</u>	<u>2020 Assessed Valuation</u>	<u>2020 Tax</u>	<u>2021 Assessed Valuation</u>	<u>2021 Tax</u>	<u>Difference</u>
Primary	444,221		466,432		5.0%
		\$ 1,671.56		\$ 1,725.89	3.3%
Homeowner's Rebate		\$ (600.00)		\$ (600.00)	
Secondary	444,221		466,432		5.0%
		\$ 1,019.71		\$ 1,096.12	7.5%
<b>Total</b>		<b>\$ 2,091.27</b>		<b>\$ 2,222.01</b>	<b>6.3%</b>
<u>Parcel B</u>	<u>2020 Assessed Valuation</u>	<u>2020 Tax</u>	<u>2021 Assessed Valuation</u>	<u>2021 Tax</u>	<u>Difference</u>
Primary	97,202		102,062		5.0%
		\$ 365.76		\$ 377.65	3.3%
Homeowner's Rebate		\$ (172.60)		\$ (178.21)	
Secondary	97,202		102,062		5.0%
		\$ 223.13		\$ 239.85	7.5%
<b>Total</b>		<b>\$ 416.29</b>		<b>\$ 439.28</b>	<b>5.5%</b>
<u>Parcel C</u>	<u>2020 Assessed Valuation</u>	<u>2020 Tax</u>	<u>2021 Assessed Valuation</u>	<u>2021 Tax</u>	<u>Difference</u>
Primary	226,446		237,768		5.0%
		\$ 852.09		\$ 879.79	3.3%
Homeowner's Rebate		\$ (402.10)		\$ (415.17)	
Secondary	226,446		237,768		5.0%
		\$ 519.81		\$ 558.75	7.5%
<b>Total</b>		<b>\$ 969.80</b>		<b>\$ 1,023.37</b>	<b>5.5%</b>
<u>Parcel D</u>	<u>2020 Assessed Valuation</u>	<u>2020 Tax</u>	<u>2021 Assessed Valuation</u>	<u>2021 Tax</u>	<u>Difference</u>
Primary	339,744		356,731		5.0%
		\$ 1,278.42		\$ 1,319.98	3.3%
Homeowner's Rebate		\$ (600.00)		\$ (600.00)	
Secondary	339,744		356,731		5.0%
		\$ 779.88		\$ 838.32	7.5%
<b>Total</b>		<b>\$ 1,458.31</b>		<b>\$ 1,558.29</b>	<b>6.9%</b>

NOTE – includes an estimate of Homeowner's Rebate. Does not include elimination of SETR.



## Truth in Taxation Hearing¶ Notice of Tax Increase¶

In compliance with §15-905.01, Arizona Revised Statutes, Deer Valley Unified School District is notifying its property taxpayers of Deer Valley Unified School District's intention to raise its primary property taxes over the current level to pay for increased expenditures in those areas where the Governing Board has the authority to increase property taxes for the fiscal year beginning July 1, 2022. The Deer Valley Unified School District is proposing an increase in its primary property tax levy of \$500,000.¶

The amount proposed above will cause Deer Valley Unified School District's primary property taxes on a \$100,000 home to be \$1.5458. Without the tax increase, the total taxes that would be owed would have been \$0.¶

These amounts proposed are above the qualifying tax levies as prescribed by state law, if applicable. The increase is also exclusive of any changes that may occur from property tax levies for voter approved bonded indebtedness or budget and tax overrides.¶

¶  
All interested citizens are invited to attend the public hearing on the proposed tax increase scheduled to be held July 12, 2022, 6:45 p.m. at 20402 N. 15<sup>th</sup> Avenue, Phoenix, AZ 85027.¶



### Notes:

FY22 amounts were \$900,000 with an annual property tax of \$2.5735 for a \$100,000 residence.

FY23 Adjacent Ways planned use for ingress/egress needed for Northern Services Center.

# Next Steps



- ▶ Approve the budget to be advertised  
*6/28/2022*
- ▶ Advertise the budget and the adjacent ways at least 10 days prior to public hearing and adoption
- ▶ Adopt the budget 7/12/2022
- ▶ Revise budget to official forms  
*9/13/2022*