

District Budget Presentation and Possible Bond Issue

In February, 2010, a citizens committee was formed to gather information about aging facilities across the district and study the possible need of a bond election. From there an evening was set aside specifically to inform parents and other interested citizens about the current state of the district's budget and the need to address facility concerns, specifically at Thunderbird and Greenway high schools. Parents and community members were encouraged to ask questions and share opinions and concerns before the conclusion of the meetings. Below are some of the questions and answers.

Q: Thank you for providing us with the information. During your presentation you indicated that the district had not received any funding to address major construction issues from the state, specifically the School Facilities Board (SFB), for several years. How much money does the SFB owe us? Will we ever get the money?

A: The 1999 Students FIRST law established a building renewal fund for the purpose of maintaining the adequacy of school facilities. These monies were to be used for major renovations and repairs of buildings. If Building Renewal Formulas had been fully funded, GUHSD would have received approximately \$53 million dollars from 1999 to 2011. To date we have received approximately \$18 million dollars. The State Legislature continues to suspend funding the formula.

We do not anticipate receiving the shortfall from 1999-2011. This emphasizes the need for the district to explore alternate sources of revenues (such as bonds) in order to adequately maintain facilities.

Q: What's the answer if we are unable to receive adequate funding from the state to address major construction issues?

A: The district has been extremely frugal in expending the limited building renewal dollars and capital funds it has received. However, these funds are almost depleted and the district is exploring alternate sources of revenues (such as bonds) in order to adequately maintain and improve facilities.

Q: You mentioned we have more than the required square footage needed per student. Why build new buildings if we already have enough room? How much space do we need?

A: Our need to build new buildings is strictly due to the limited lifespan of the metal buildings at Greenway and Thunderbird high schools. The Arizona Schools Facilities Board (ASFB) square footage requirements only affect us in terms of qualifying for new construction funds. Our schools do not meet the required square footage because we believe in small, neighborhood schools. In order to qualify for ASFB funding, we would need to have schools that are at least twice as big as our current schools. By having large schools, the common areas are shared by more students, thus decreasing the square footage per student. Even if we did qualify for ASFB funding, given the state budget shortfall, the ASFB has not been funded in recent years and there is no indication that it will be funded in the foreseeable future.

Doubling the size of our schools would drastically alter the ability of our students to participate in sports and extra-curricular activities – both of which are proven to benefit high schools students. For example, the chance to play volleyball at a high school with 3000 students is far less likely than it is in a smaller school of 1700. The opportunity to act in a school play, play drums for the jazz band, or participate in student council is directly related to the number of students competing for those spots. Each school only has one football team regardless of the size of the school. We pride ourselves on our high extra-curricular participation rate because we know that it enhances the high school experience and produces well-rounded graduates.

Q: Will the bond help keep small school atmosphere. How much would our tax base increase with the phase III of the bond? Do we need to add the base of Washington Elementary School District?

A: The bond is absolutely necessary to keep our small neighborhood school atmosphere in Glendale Union. The goal of the district bond program will be to maintain a level tax rate for the entire period of the Bonds. This will require the district to retire some of its old debt as new bonds are brought on. We would hope to maintain a level tax increase of 30-40 cents for the life of the bond or through all three issues.

The calculations used do not include either Washington Elementary or Glendale Elementary Schools bond programs. These schools are separate bonding authorities which we do not control.

Q: What, if any, are the constraints for raising money for our Maintenance & Operations budget? Is a bond election the only way of raising revenue?

A: Bond funds may not be mixed with M&O funds and M&O funds cannot be used for building or facility purposes. A bond election is the only revenue a school district can raise for the purpose of meeting facility needs. Other revenue coming from the State has been cut by the legislature to offset state revenue shortfalls.

Q: Exactly how much is needed to rebuild Thunderbird and Greenway? Just wondering if \$75 million is enough. How much for other?

A: At this time it is hard to predict actual costs. Costs will depend heavily on the construction market when construction takes place. We will begin the process of gathering bids from construction companies if the Governing Board approves to move forward with a bond election.

Q: Will the bond money cover the cost of both Greenway and Thunderbird building replacements? How many years before we need to replace the metal buildings?

A: We are unable to compute an exact cost figure for the replacement of the metal buildings at THS and GHS until we are able to actually bid the work. We have developed an estimate based on what we currently know and it is our hope that actual costs allow us to complete both projects as well as infrastructure needs at our other high schools.

There is no way to determine exactly how long the metal buildings will last. We continue to do what is necessary to keep them safe. This “band aid” approach to building maintenance drains money that could be used to meet other needs within the district. At some point, it will become too costly to repair these buildings. Rather than wait until that time and risk a crisis situation, it makes sense to begin a multi-year process now to address these needs. Replacing these metal buildings will free up substantial dollars that are currently being spent to cover increased costs of maintaining, cooling, and heating these inefficient buildings – dollars that can be used to meet needs at our other school.

Q: If the buildings are good why replace them? What would the metal building be replaced with? Why doesn't the insurance cover damage? How much will each cost? How many square foot per building?

A: Our insurance company is covering the damage caused by the hail storm and replacing the roofs on the metal buildings. The buildings have been deemed safe and we will use the resources necessary to keep them safe.

The metal buildings will be replaced with brick and mortar buildings.

Q: How do we assure our “local” school still gets our smaller projects met? Has all needs at all schools been recognized? How do we present this information to the community?

A: Involvement of local schools is essential to making the bond program work. This is done through the continued work with the bond committee and through working with local school administrative and parent and staff representatives. Schools will work with district administrators to prioritize the infrastructure needs at their site. Just how many of those needs can be addressed depends upon variables such as construction costs and the amount of bond dollars we are eligible to issue.

Q: How does the district want to generate the funds that are needed?

A: The attention of the district and the Revenue Committee is currently directed toward a possible bond program. If called for an election would be held in November 2011. If approved by the voters Bond sales could occur by the following January or February.

Q: Selling bonds seems to assume that someone will buy them. If enrollment in the district is going down, how do we know that buyers will see these bonds as a good investment?

A: Investment appeal for school district bonds is primarily a factor proper marketing, scheduling of maturities, assessed value in the district, and financial reputation of the district and its management. Large institutional investors are commonly attracted to school district bonds based on their security, fixed rates of return, and variety maturity dates. We believe that a potential bond issue would receive adequate market interest.

Q: How will you ensure that the method used to educate the public regarding the district's financial status does not come across as emotionally charged and to overcome the perception that the district can't seem to live within it means like all citizens have to do?

A: The need for a bond program is not driven by the current financial crisis. The state funding formula places responsibility for school facilities on the local community in cases where the district exceeds the states minimum square footage formula. Our small neighborhood schools are a hallmark of our community and essential to maintaining highly successful schools.

Q: How many dollars are generated by grants? Can this be stepped up?

A: The district generates several million dollars in grant funds annually. Most of these funds are entitlement dollars, which flow to districts based on enrollment or demographic criteria. These funds are restricted in use to specific program objectives and generally cannot be used for building replacement. Some SFB (School Facilities Board) building grants are available on an emergency and a need basis as determined by the SFB. Our district's qualification is unlikely due to the small size of our schools.

Q: There are still some things that I need to read up on with this information provided today. Is there any way we can work on Greenway and Thunderbird over the summer so we do not have to close them?

A: The district will take advantage of summer breaks to try to minimize disruption to the school day. Our plans are not to close any of our schools during construction. We will do this by scheduling construction on the campuses and making maximum use of the remaining available space (ie: using classrooms during prep period, use of cafeteria and auditorium spaces).

Q: A communication idea that occurred to me after we'd concluded our small-group discussion is to take advantage of web 2.0 technology. FaceBook could be a very effective way to communicate our successes and needs to a very large portion of our Stakeholder Community. Certainly, it would help to inform our students, who would help to convey the knowledge to their parents.

A: The district does currently have a Facebook page, used primarily to share information regarding events, including our continuing Centennial Celebrations. If the Board does call for an election, the district cannot use district resources to influence the outcome of the election. Individuals, however, are free to use their own personal social media accounts, including employees as long as they do so outside of work hours on their own personal equipment.

Q: Do we have a coalition formed with other districts in the state to represent education at the legislative level? Is consolidating schools something that's being considered? Is that where we're going?

A: The district participates with several legislative committees and groups to try to insure education issues are in the forefront. School consolidation has been an issue previously considered by our electorate with a resounding disapproval. Our goal is to maintain our small neighborhood schools - not to consolidate into large urban high schools.

Q: We all agree that communicating the current issues with the student body and community members is of utmost importance. Meetings have been scheduled to educate the community. In the past, these meetings have been poorly attended. What steps will be taken to achieve higher attendance at these meetings? Exactly what will be done at each school to better educate the students?

A: Attendance at meetings has always been encouraged. In the past, it was the primary method for sharing information. Today we are trying to make better use of technology and the internet to assist us in getting the information to the public. Our web site will be updated regularly with current information. We will be using emails to communicate with as broad an audience as we can and will encourage others to direct emails to friends and acquaintances in an effort to spread the information across our district.

Q: I am a senior at Apollo and I love it. I know how hard our administrators work and I am very appreciative. I know that in the past it seemed appropriate to “shelter” us students from the reality of the budget crisis. Teenagers are tough. Things happen to us on a daily basis that we must adapt to far worse than hearing about budget crisis. By educating us and telling us all that you have done and plan to do already will only make us want to help you or at least not be so ignorant. Educate us and give us the possibility to contribute. I will be gone at college next year but I wish you the best of luck. You have awesome and wholesome people working for a good cause. Empower the students. We have to learn to prepare we have to learn to contribute. We will be sitting in your chairs in a couple of years. Thanks! It was very informative.

A: Thank you for your comments. As our students become young adults it is important that they continue to contribute in the education of the next group of students taking their place.

Q: I attended the Budget Presentation last night at Thunderbird High School. I want to thank all the committee members that put this together. I thought it was very informative and helped to clarify the situation and options.

Although, I felt some hostility from others that attended the meeting, I can only assume that those in opposition were concerned that their school wouldn't be a priority due to the rebuilding of the Thunderbird and Cactus schools.

Is there any way to break down the costs in a way that would help to satisfy these other school's parents? Could you supply a cost break down if the bond doesn't pass on how much maintenance funds would be needed to keep the schools safe?

A: As buildings near the end of their economic life, the costs of maintenance and renovation will increase. This will become more pronounced if replacement is not addressed.

Q: If the Board calls for an election, what can I do to help with the passage of the bond?

A: Once an election has been called for, district involvement is limited to the dissemination of information. It will be up to parents, community groups and individuals to work together to share information and educate the public regarding the need for the bond.

Two such groups are:

Support our Schools AZ <http://www.supportourschoolsaz.org/>

Citizens for Quality Education <http://citizensforaqualityeducation.com/>

Q: If there is an election, I would like to vote YES, but as a taxpayer, how much will this cost me?

A: A bond issue would be repaid from property taxes assessed to both residential and business owners in the district. The actual cost will depend on interest rates, maturity schedules, total bond amount, your property value, and other factors not fully known at this time. However, we estimate that a \$75-80 million bond issue would impact the taxes on a home assessed at \$100,000 by approximately \$30-\$40/year.

Revenue Committee recommendations to consider

Revenue Generating:

- Bond
- Bus advertisements
- Push facilities rental
- Pay to play
- Teachers pay for a casual dress week
- Get involved in feeder schools/fairs
- School/team sponsorship
- Rent bus to verified community groups (churches, comm. Service)
- Penny drive
- Business partnerships/sponsorships/advertisement
- Pay to participate...small fees
- Teachers/faculty pay \$ for a casual dress week to fund to raise scholarship \$ for pay to participate.
- Community fun run/5k or jog-a-thon
- Grants...apply for all available money
- What does the district allow as far as fundraising and how can that money be spent? Maybe informing the schools of what they can or cannot do as far as fundraising would be a start.
- Pay to play/even if they share part of the cost-how will that impact the individual school budget?
- Reach out to local businesses in the area for donations.
- Sell school advertising, sell advertising space on school buses allows businesses to buy space on school walls for advertising.

Budget Cuts:

- Investigate shortening of certain sports seasons where facilities are rented. Yes, address this with AIA
- Investigate cost savings of 4 day week
- Optimize bus routes/fuel costs
- Stagger starts of school days (time) to reduce need of hard to fill bus driving positions.
- Higher amount of continuation of tech integration which would potentially lead to less paper usage and other physically consumed materials. Yes I know it costs a bit but long term we could save.
- Evaluation of certain PBA's to maximize use of human capital while still maintaining the integrity of our learning system.
- Shorten certain athletic seasons i.e. swim/golf to decrease rental fees.