M&O Override Election Recommendation

I. Identify the issue from the perspective of involved stakeholders.

Issue:

Washington Elementary School District (WESD) voters approved the District's first maintenance and operations (M&O) override in February 1990. Voters reauthorized the M&O override in May 1995, again in May 2001 and most recently in March 2006. In 2010-2011, WESD will be in the fifth year of the current seven-year override. Unless voters authorize continuation of this override, funding will be statutorily reduced by one-third for 2011-2012, the sixth year of the override; 2012-2013 funding will be diminished by an additional one-third and M&O override funding will be completely eliminated at the end of that year.

The over $10 million in annual funds provided by the current M&O override has helped WESD to close the gap between state and federal revenues received and the increasing costs of student instruction. Specifically, the funds have been allocated toward the following:

- Meeting Arizona Academic Standards for art, music and physical education
- Providing services for students who require smaller class sizes to succeed academically
- Addressing additional legislative mandates without new sources of revenue
- Working toward competitive salaries to attract and retain qualified instructional staff

Elimination of M&O override revenue could result in losses equivalent to over 200 teachers, dramatically increasing class size and reducing vital programs and services for students.

During April 2010, a task force was convened for the purpose of offering a consensus recommendation to the Superintendent and Governing Board regarding a call for an M&O override election in November 2010.

Involved Stakeholders:

While past override task forces included one or more representatives from each school, this group was comprised of a much smaller number of members who had expressed a genuine interest in the process:

- Five Parents: ***John Bakewell, Patti Rich, Renee Richard, Chris Sauter, Frankie Wheeler***
- One Teacher: ***Julie Cox***
- Five Administrative Center Staff Members: ***Lyn Bailey, Jill Hicks, Cathy Thompson, David Velazquez, Justin Wing***

Typically, previous override task forces met numerous times over the course of several months; this team met one time each week for two weeks. By condensing both the size of the group and

the time commitment required, individual members had the opportunity to offer greater, more focused input.

II. Identify the options or alternatives that address the issue, including an option to maintain the status quo, utilizing the efficient and sufficient use of research and data. For each option, identify advantages and disadvantages.

Research/Data:

M&O Override Task Force members considered the following research/data:

- Background about the M&O override, including purpose, funding (amount, sources, use), impact on taxpayers ***(Attachment A)***
- History of M&O overrides in WESD ***(Attachment B)***
- Correlation between quality of education and property values; correlation between quality of education and business growth within a community (*Source*: "Public Schools and Economic Development – What the Research Shows," by Jonathan D. Weiss, accessed at http://www.kwfdn.org/resource_library/resource.aspx?intResourceID=108)
- National Center for Education Statistics data regarding reading achievement and median per-pupil expenditures from state and local sources (accessed at http://nces.ed.gov/)
- WESD reduction in ADM vs. reduction in costs ***(Attachment C)***
- Estimated number of WESD employees who live within District boundaries
- Overview of WESD community outreach efforts, particularly to senior citizens and businesses
- Restrictions regarding use of District resources for elections
- Results of 2009 survey of WESD voters conducted by WestGroup Research ***(Attachment D)***

Options:

- Option A: Maintain the status quo, i.e., do not call for a WESD M&O override election.

Advantages	Disadvantages
Property taxes would decrease after two years	Loss of up to $10 million in annual revenue
Might allow a volatile voting environment to settle	Property tax break would be only temporary if District were to ask for an override in the future; however, in the future, there would be negative perception of a new tax vs. extension of an existing tax
	Program reductions would take WESD backwards and damage what we have been doing programmatically.
	Quality of neighborhood could go down
	Likely that more responsibility would be placed on teachers
	Increased class sizes
	Possible exodus from District
	Budget reductions would be in addition to those already resulting from state education funding cuts

- Option B: Call for a WESD M&O override election to take place in November 2010.

Advantages	Disadvantages
Good for kids to continue programs/continue to operate at the same level	Negativity that people are currently hearing on the news regarding the economy and taxes
Proactive	People are tired of paying taxes, and they are distrustful of taxes.
Current publicity about Arizona's low ranking with regard to education	Gubernatorial election will take place in November 2010 *(could be an advantage or a disadvantage)*
Possibly a greater focus on family values during recessionary times	May not be time to adequately prepare for an election
Helps keep jobs in the community	
Involves a relatively small cost increase per homeowner	
If election fails, can put the override on the ballot again in November 2011, and the community will already be somewhat educated about the measure	
Great things are currently going on in WESD	

- Option C: Call for a WESD M&O override election to take place in November 2011.

Advantages	Disadvantages
Reduced voter fatigue	Uncertainty regarding further state education cuts
	Loss of $3.5 million (because of override phase-out beginning in sixth year) would likely mean program reductions, e.g., art, music, PE. This would take WESD backwards and damage what we have been doing programmatically.
	More responsibility would be placed on teachers.
	Negative impact on kids and community
	Because of phase-out, the impact of the M&O override would appear to voters to be an increase rather than a continuation.

III. Prepare a cost-benefit analysis/cost assessment of each option.

- Option A: Maintain the status quo, i.e., do not call for a WESD M&O override election.

  Cost Analysis: WESD's M&O override funding for 2010-2011 is expected to be approximately $10.5 million. M&O override revenues will be reduced by one-third, to approximately $7.0 million, for 2011-2012; revenues for 2012-2013 will be reduced by two-thirds, to approximately $3.5 million, and M&O revenues will cease to exist at the end of that year.

- Option B: Call for a WESD M&O override election to take place in November 2010.

  Cost Analysis: If a November 2010 M&O override election is successful, WESD will continue to receive full M&O override funding at 10 percent of the District's Revenue

Control Limit (RCL) through the 2015-2016 school year, with reductions of one-third for 2016-2017, two-thirds for 2017-2018 and no additional revenues for 2018-2019.

- Option C: Call for a WESD M&O override election to take place in November 2011.

  Cost Analysis: WESD M&O override funds will be reduced by one-third for 2011-2012. If a November 2011 election is successful, full M&O override funding at 10 percent of the District's RCL will be restored for 2012-2013. It will continue through the 2016-2017 school year, with reductions of one-third for 2017-2018, two-thirds for 2018-2019 and no additional revenues for 2019-2020.

IV. Seeking stakeholder feedback when relevant and/or necessary.

The WESD M&O Override Task Force included parents, two of whom are also small business owners, as well as certified, classified and administrator staff members; all were encouraged to offer input throughout the decision-making process.

Additionally, WestGroup Research solicited input from high efficacy voters who reside within the District boundaries; in February 2009, they conducted two focus groups, and in March 2009, they conducted telephone surveys of 402 WESD voters.

V. Use conclusion(s) to develop a rationale and prepare recommendation(s) to present to the Governing Board for action.

Conclusions:

- Since February 1990, WESD has received voter-approved M&O override funding. Initially, these funds enabled the District to improve and expand educational programming and services for students; subsequently, funding has allowed WESD to maintain student programs and services and to strive toward offering competitive salaries that will attract and retain qualified instructional staff.

- WESD has demonstrated the utmost integrity in its management of fiscal resources, including M&O override funds.

- During the past two years, the District has had to make significant budget reductions in response to state education budget cuts; however, every effort has been made to avoid reductions that would adversely impact students. If the current M&O override is not reauthorized, WESD will lose approximately $10 million in annual revenue. Unfortunately, additional funding losses of that magnitude would result in the reduction and/or elimination of some student programs and services.

- Renewal of the current M&O override will allow the WESD to continue to address student needs and close the funding gap created by reduced education revenues from the state and increased costs to the District.

- According to WestGroup Research's 2009 survey of high efficacy WESD voters, "There was a very high level of agreement among voters that 'Even though we are in difficult economic times, we must fund our public schools because investing in our children is investing in the future.'"

Recommendation:

Members of the WESD M&O Override Task Force arrived at a full consensus decision to recommend Option B, as presented.

Therefore, it is recommended that the Governing Board adopt the Resolution ***(Attachment E)*** ordering and calling a special maintenance and operation budget override election to be held in and for Washington Elementary School District No. 6 of Maricopa County, Arizona, on November 2, 2010; providing for notice of the election, the conduct of the election, the printing of ballots, the canvassing of the election and compliance with the Voting Rights Act. In addition, it is recommended that the Governing Board adopt the informational publications associated with this Agenda item, as well as the non-interactive WESD Web site page on which M&O override-related information is posted.