

## **M&O Override Election**

### **Override Task Force Summary and Recommendation**

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

##### **Issue:**

##### **M&O Override**

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, March 2006, November 2010 and most recently in November 2013. In 2018-2019, WESD will be in the fifth year of its current seven-year override. Unless voters authorize continuation of this override, funding will be statutorily reduced by one-third for 2019-2020, the sixth year of the override; in 2020-2021 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 \$17 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 and enhancing Arizona Academic Standards for art, music and physical education
- Providing full-day instruction for kindergarten students
- Providing services for students who require smaller class sizes to succeed academically and providing targeted reading and/or math intervention as needed
- Addressing additional 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.

##### **Involved Stakeholders:**

WESD Override Task Force members included a diverse group of District stakeholders:

- 4 parents/grandparents
- 3 community members
- 8 teachers
- 1 assistant principal
- 1 principal
- 3 Administrative Center staff members

**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:**

Override Task Force members considered the following research/data, some of which has been incorporated into the attached *Frequently Asked Questions (Attachment A)*.

- Institutional knowledge from among task force members
- Funding and taxation information related to M&O overrides
- Relevant Arizona Revised Statutes
- Current WESD budget information

**Options:**

- Option #1: Call for an override election, but at a lower percentage that would keep the override at the current level.

<b>Pros</b>	<b>Cons</b>
Attractive to voters	Can't sustain salaries without cutting programs
Easier than passing a 15% override	Doesn't take into account the influx of students – may need more
	More difficult to explain for not a lot of gain

- Option #2: Call for a 15% M&O override election.

<b>Pros</b>	<b>Cons</b>
The same as now – status quo	This is the biggest tax burden of the options
Best option to meet school district vision	Taxpayers may be confused about the 20% approved by the state and asking to continue an override – trying to educate voters
Allows the district to cover unfunded mandates	Voter fatigue with other initiatives possibly on the ballot
Would give district more options with a future bond – doesn't add a levy to taxpayers	Other state agencies aren't getting additional money and there may be negative opinions
Would help to maintain what was approved in state budget that was intended for salaries	
There is currently community support for education	

- Option #3: Do not call for an election.

<b>Pros</b>	<b>Cons</b>
Easiest solution for district and voters in November	Funding for programs would get cut with a loss of \$5.9 million in fiscal year 2019-2020
Property taxes would decrease as the current override phases out	Would leave the district short to meet requirements for Prop 206 – minimum wage law
	Loss of funding in following year would negate what was just received in the state budget
	Property tax break would be temporary if the district were to ask for an override in the future.

- Option #4: Defer calling for an election for one year.

<b>Pros</b>	<b>Cons</b>
There could be fewer ballot initiatives then	The budget would decrease by \$6 million the following year (FY2020)
Easy for now – no election in November	Could necessitate an additional election at significant cost to District
	Lots of difficult decisions to be made about cutting salaries, people or programs
	Waiting will lead to a drop in cost for voters next year and then increase the following year if the election passes – confusing for voters

- Option #5: Call for an election, but don't exceed \$18 million.

<b>Pros</b>	<b>Cons</b>
Consistent amount of levy for budget and taxpayers	Reduces flexibility for the district as costs rise each year in the budget

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

- Option #1: Call for an override election, but at a lower percentage that would keep the override at the current level.

*Cost Analysis:* If this election is held in November 2018 and is successful, WESD will continue to receive funding, but only at 13 or 14 percent of the Revenue Control Limit (RCL). The amount would not increase over the duration of the override as the RCL increases. The amount would be similar to the estimated FY2019 amount of about \$18.7 million and remain at that amount through 2024.

If not renewed by voters, funding will be reduced by one-third in 2019-2020, by an additional one-third in 2020-2021, and it will cease to exist at the end of that year.

- Option #2: Call for a 15% M&O override election.

*Cost Analysis:* If this election is held in November 2018, and is successful, WESD will continue to receive funding at 15% of the District’s Revenue Control Limit (RCL) through 2018-2019. Funding would be at 15% of the RCL beginning in 2019-2020 through 2023-2024.

If not renewed by voters, funding will be reduced by one-third in 2019-2020, by an additional one-third in 2020-2021, and it will cease to exist at the end of that year.

- Option #3: Do not call for an election.

*Cost Analysis:* If an election is not called, WESD will receive funding at 15% of the District’s Revenue Control Limit (RCL) through 2018-2019. Funding will then be reduced by one-third in 2019-2020, by an additional one-third in 2020-2021, and it will cease to exist at the end of that year.

Option #4: Defer calling for an election for one year.

*Cost Analysis:* If the election is deferred until November 2019, WESD will continue to receive funding at 15% of the District’s Revenue Control Limit (RCL) through 2018-2019. Funding will then be reduced by one-third in 2019-2020, by an additional one-third in 2020-2021, and it will cease to exist at the end of that year.

If the election is held in November 2019 and is successful, WESD would only experience reduced funding for one fiscal year and then the override would begin a new five year cycle from 2020-2021 through 2024-2025.

- Option #5: Call for an election, but don’t exceed \$18 million.

*Cost Analysis:* If this election is held in November 2018 and is successful, WESD will continue to receive funding, but at a maximum of \$18 million which is less than the estimated amount for fiscal year 2019. The amount would not increase over the duration of the override as the RCL increases. The amount would remain at that amount through 2024.

If not renewed by voters, funding will be reduced by one-third in 2019-2020, by an additional one-third in 2020-2021, and it will cease to exist at the end of that year.

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

The 2018 WESD Override Task Force included parents, community members, and certified, classified and administrator staff members; all were encouraged to offer input throughout the decision-making process.

**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 and Bond funds.
- If override funding is not reauthorized at 15 % of the District's Revenue Control Limit (RCL) through a 15% M&O override election, some student programs and services, such as art, music, physical education and free, full-day kindergarten, could be reduced or eliminated.

**Recommendation:**

Members of the 2018 WESD Override Task Force arrived at a consensus decision to recommend Option #2 as presented.

Therefore, it is recommended that the Governing Board adopt the Resolution (**Attachment B**) ordering and calling a special budget override election to be held in and for Washington Elementary School District No. 6 of Maricopa County, Arizona, on November 6, 2018 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 special budget override-related information is posted. It is further recommended that the Governing Board declare the deadline for submitting arguments "for" and "against" the election to the Maricopa County School Superintendent as August 10, 2018 at 5:00 p.m.