



MERIDIAN CUSD 223

The need for a referendum – March 2014

What We Know About 13-14

Starting overall fund balance as of July 1, 2013 =	\$5,512,938
Budgeted expenditures for 13-14 =	\$17,888,084
Budgeted revenues for 13-14 =	\$16,812,992

Current Deficit = \$1,075,092
Fund Balance
after 13-14 = \$4,437,846

What We Know About 14-15

Projected beginning overall fund balance = \$4,437,846

EAV decline of approximately 4% - \$167,000,000 to \$160,000,000. This = **\$240,000** in decreased revenue

Landfill repayment decrease of \$35,000

Increase levy in Tort, Rent/Lease, and Working Cash. \$0.17 tax rate increase = ~\$280,000 in additional revenue

Reduced \$1,049,000 at last BOE meeting (\$44k to come back based on Kindergarten enrollment)

Assumptions about 14-15

State continues to fund at 89% of statutorily mandated rate

Decrease in funding to rumored 85% equals approximately **\$200,000 loss in funding for District

General cost inflation of 2 percent across all expenditures

* *Assumption made on general costs and is not 'earmarked' for any particular program or rate for service

Budget projections moving forward after reductions, with assumptions as provided

	Beginning Fund Balance	Annual Deficit	Ending Fund Balance
14-15	\$4,437,848	\$330,853	\$4,106,995
15-16	\$4,106,995	\$525,370	\$3,581,625
16-17	\$3,581,625	\$566,777	\$3,014,848
17-18	\$3,014,848	\$925,213	\$2,089,635



GOALS OF SETTING A REFERENDUM

- 1) Find a rate and term that meets revenue needs of the District
- 2) Find a rate and term that meets public needs and could pass in an election

What does the rate really mean?

The rate is the increase in taxation in a particular fund that a property owner faces if the referendum is passed.

The current Education Fund tax rate for MCUSD is \$2.78. This rate has not increased in well over a decade.

The overall (combination of all funds) school tax rate was \$5.26 in Tax Year 2012 .(Fiscal Year 14)

The overall school tax rate will be approximately \$5.21 in Tax Year 2013. (Fiscal Year 15)

What does the rate really mean, continued?

FOR THE DISTRICT:

The simple math on the rate versus return is to multiply the
 $(EAV \times Rate)/100 =$ the increased revenue for the District

Assuming the EAV is constant (which it won't be):

\$0.30 = \$480,000 in revenue

\$0.40 = \$640,000 in revenue

\$0.50 = \$800,000 in revenue

\$0.60 = \$960,000 in revenue

\$0.70 = \$1,120,000 in revenue

\$0.80 = \$1,280,000 in revenue

What does the rate really mean? Cont'd

FOR THE TAXPAYER:

Rate Increase	Increase Per Year on a \$100,000 home	Increase Per Year on a \$200,000 home	Increase Per Year on a \$300,000 home
\$0.30	~\$100	~\$200	~\$300
\$0.40	~\$133	~\$266	~\$400
\$0.50	~\$166	~\$333	~\$500
\$0.60	~\$200	~\$400	~\$600
\$0.70	~\$233	~\$466	~\$700
\$0.80	~\$266	~\$533	~\$800

Reminder of rough cost calculation –
 $\{(\text{Rate increase}/3) \times \text{value of property}\} / 100$

Rate increase of \$0.60 for the average resident

Average Stillman Valley housing unit (2011): \$141,259;
\$282 p/y

Average Davis Junction housing unit (2011): \$144,481;
\$289 p/y

Average Monroe Center detached house – only data
available (2011): \$182,713; \$365 p/y

Goal 1 of rate increase: meet financial need of District

- Encourage BOE and community to consider this in three ways:
 - What can be restored?
 - What can be preserved?
 - What progress can be made?

The community must choose if they want District to struggle, survive, or progress.

Restore

- Priority One – Balanced budget: Projected average deficit of ~\$587,000 per year over next four
- Priority Two – Class sizes and Student Supports ~\$80,000
- Priority Three – Student Opportunities ~\$80,000

Assuming level state funding and property values are constant, we need ~\$750,000 to meet initial goals

Preserve

- As a result of the referendum potentially passing, the following things would be preserved:
 - HS Activities and Athletics
 - Additional HS electives
 - Jr. High and Sr. High schedule format
 - Class sizes under 30 at the elementary level (still would have some at or exceeding that at HS without addition of a teacher)
 - Other services to the community
 - Driver's Education
 - CEANCI classes

Progress

- “Catch-up” Technologically and with materials
- Focus on continued staff growth and development
- All-day Kindergarten
- Re-allocate some money and address preventative maintenance issues

Term Referendum

Pros

- Indicates to taxpayers a current need that may not last
- Increases 'pass-ability' of referendum
- Shows BOE listened to community feedback

Cons

- Need may still exist after term
- Referenda are sometimes contentious, divisive issues – do you want to potentially go through again in a short period of time