

STATEMENT TO THE DES MOINES PUBLIC SCHOOLS

The Polk-Des Moines Taxpayers Association's philosophy is based on the principle that good government is the business of every citizen. The Association promotes sound fiscal policies that are tied to effective and efficient government. The Association strives to promote taxpayer awareness and foster intergovernmental cooperation.

The core mission of the District is educating students. With the tax dollars available, the Board and administration must do your best to improve student outcomes using research-based methods, best practices, and data driven decision-making. With non-core tasks, the District must find the most cost-effective ways to deliver those services. The District should consider whether it makes good financial sense to use well-managed private firms to accomplish these tasks, collaborate with other districts and governments, and implement improved technology to save man-hours and tax dollars. As you vote on the maximum tax rate tonight, you have the Association's support as long as you continue down the road to becoming more effective in teaching students and a more efficient government.

There is concern on the part of the Association that the cuts in revenue from the State may not be a temporary matter. The economy will get better to be sure, but there are many pressing issues for the State, ranging from economic development to replenishing State reserves, in addition to funding K-12 education. If the worst-case scenario does come to pass in 2010/11 – and the Association has reason to believe there will be another across-the-board reduction - then it is vitally important that this District, and the entire State, make fundamental changes in a large number of areas and attitudes that affect education. Iowa's current model of K-12 financing is not sustainable. These areas include increasing public and parent support, negotiation timing and process, funding methodology, rewarding excellence instead of seniority, the AEA's, reacting to changing demographics, the use of technology, and the ability to share programs and students across districts. Since the Des Moines school district is the largest in the state, the expectation is that you will provide the leadership to get the necessary changes made. The Association, too, will do its part to educate area legislators.

Many years ago, the State of Iowa determined that few local school districts could adequately fund K-12 on local property taxes alone. This led to the creation of the State Foundation Aid Formula. While the Association firmly believes it is past time to adjust and modernize State Aid, as we stated above, K-12 education still can't be funded by local sources only. Property tax increases certainly can be included in any discussion of the entire funding package, but should only be implemented as a last resort, especially when this District has high numbers of low-income families, when the change in the Rollback in effect did increase taxes on Residential property, when property tax reduction dollars were not passed through to taxpayers, and when the suburbs are extending their hands to people and businesses with newer infrastructure and lower consolidated tax rates.

The Association would like to caution the Board that the old paradigms of school finance concerning Unspent Spending Authority and Solvency Ratios no longer appear to be valid. After three years of underfunding and mid-year cuts, plus the projected fourth year, districts must be better prepared to weather lower than expected revenues. As you contemplate expenditures in the light of this change, you should keep that thought in the forefront of your thinking.

**DES MOINES INDEPENDENT COMMUNITY SCHOOL DISTRICT
BUDGET SUMMARY**

	ACTUAL FY06/07	ACTUAL FY07/08	% OF CHANGE	ACTUAL FY08/09	% OF CHANGE	RE-EST FY09/10	% OF CHANGE	PROPOSED FY10/11	AMOUNT CHANGE	% OF CHANGE
LEVY RATE	\$18.01713	\$17.93709	-0.4%	\$17.78888	-0.8%	\$17.61691	-1.0%	\$17.64277	(\$0.17197)	-1.0%
REGULAR TAXABLE VALUATION	\$5,581,303,376	\$5,669,375,608	1.6%	\$5,915,802,303	4.3%	\$6,065,847,068	2.5%	\$6,383,497,237	150,044,765	2.5%
TIF VALUATION	\$618,279,765	\$610,031,440	-1.3%	\$684,836,190	12.3%	\$744,888,900	8.8%	\$656,551,890	60,052,710	8.8%
PROPERTY TAX REVENUE:	\$96,627,227	\$97,972,926	1.4%	\$101,465,333	3.6%	\$103,552,405	2.1%	\$109,329,158	2,087,072	2.1%
% OF TOTAL REVENUE	24.3%	24.7%	1.6%	23.6%	-4.3%	21.9%	-7.3%	25.4%	-1.72%	-7.3%
UTILITY REPLACEMENT EXCISE TAX	4,144,343	4,013,509	-3.2%	4,156,326	3.6%	-	-100.0%	3,922,292	(4,156,326)	-100.0%
PROP TAX WITH UTILITY EXCISE TAX	\$100,771,570	\$101,986,435	1.2%	\$105,621,659	3.6%	\$103,552,405	-2.0%	\$113,251,450	(2,069,254)	-2.0%
ALL STATE AID:	\$147,966,240	\$153,493,462	3.7%	\$185,045,131	20.6%	\$161,560,102	-12.7%	\$206,714,246	(\$23,485,029)	-12.7%
% OF REVENUE	37.2%	38.6%	3.9%	43.0%	11.3%	34.1%	-20.7%	47.9%	-8.9%	-20.7%
TOTAL REVENUE	\$398,030,712	\$397,329,454	-0.2%	\$430,188,849	8.3%	\$473,543,316	10.1%	\$431,255,382	\$43,354,467	10.1%
TOTAL EXPENDITURE	\$394,721,758	\$409,817,619	3.8%	\$436,891,206	6.6%	\$412,424,674	-5.6%	\$456,931,452	(\$24,466,532)	-5.6%
NET GAIN (LOSS)	\$3,308,954	(\$12,488,165)	-477.4%	(\$6,702,357)	-46.3%	\$61,118,642	-1011.9%	(\$25,676,070)	\$67,820,999	-1011.9%
TOTAL ENDING BALANCE	\$62,730,443	\$50,242,278	-19.9%	\$43,539,921	-13.3%	\$104,658,563	140.4%	\$78,982,493	\$61,118,642	140.4%
FUND BALANCE	15.9%	12.3%	-22.9%	10.0%	-18.7%	25.4%	154.6%	17.3%	15.4%	154.6%
GENERAL FUND REVENUE	\$303,757,196	\$325,059,396	7.0%	\$337,476,922	3.8%	\$334,479,179	-0.9%	\$362,471,385	(\$2,997,743)	-0.9%
GENERAL FUND EXPENDITURES	\$301,559,750	\$328,729,766	9.0%	\$339,475,435	3.3%	\$339,553,376	0.0%	\$357,496,853	\$77,941	0.0%
NET GAIN (LOSS)	\$2,197,446	(\$3,670,370)	-267.0%	(\$1,998,513)	-45.6%	(\$5,074,197)	153.9%	\$4,974,532	(\$3,075,684)	153.9%
PRIOR YEAR AUDIT ADJUST.										
ENDING GENERAL FUND BALANCE	\$29,369,443	\$25,699,073	-12.5%	\$23,700,560	-7.8%	\$18,626,363	-21.4%	\$23,600,895	(\$5,074,197)	-21.4%
GENERAL FUND BALANCE	9.7%	7.8%	-19.7%	7.0%	-10.7%	5.5%	-21.4%	6.6%	-1.5%	-21.4%
SOLVENCY RATIO	5.4%	5.2%	-3.7%	3.3%	-36.5%	3.1%	-6.1%	4.6%	-0.2%	-6.1%
INSTRUCTION COST:	\$204,702,636	\$225,619,639	10.2%	\$233,046,692	3.3%	\$237,989,720	2.1%	\$250,333,930	\$4,943,028	2.1%
% OF TOTAL EXPENDITURES	51.9%	55.1%	6.2%	53.3%	-3.1%	57.7%	8.2%	54.8%	4.4%	8.2%
% OF GENERAL FUND EXPENDITURES	67.9%	68.6%	1.1%	68.6%	0.0%	70.1%	2.1%	70.0%	1.4%	2.1%
STUDENT (WEIGHTED) ENROLLMENT	40,274	39,781	-1.2%	39,319	-1.2%	39,319	0.0%	39,319	0	0.0%
STATE AID: Allowable Growth in Cost Per Student	\$5,196	\$5,401	3.9%	\$5,614	3.9%	\$5,768	2.7%	\$5,768	\$154	2.7%
SALARIES & BENEFITS:	\$251,235,000	\$270,271,920	7.6%	\$286,525,404	6.0%	\$287,400,000	0.3%		\$874,596	0.3%
% OF EXPENDITURE	83.3%	82.2%	-1.3%	84.4%	2.7%	84.6%	0.3%	0.0%	0.2%	0.3%
EMPLOYEES (FTE):										
ADMINISTRATION	121.0	124.0	2.5%	131.0	5.6%	130.0	-0.8%		(1.0)	-0.8%
INSTRUCTORS	2,772.0	2,845.0	2.6%	2,818.0	-0.9%	2,766.0	-1.8%		(52.0)	-1.8%
SUPPORT	1,920.0	1,937.0	0.9%	1,928.0	-0.5%	1,849.0	-4.1%		(79.0)	-4.1%
TOTAL STAFF	4,813.0	4,906.0	1.9%	4,877.0	-0.6%	4,745.0	-2.7%	0.0	(132.0)	-2.7%
LONG-TERM BONDED DEBT:	\$21,960,000	\$19,870,000	-9.5%	\$1,060,000	-94.7%	\$70,540,000	6554.7%	\$68,360,000	\$69,480,000	6554.7%