

STATEMENT TO DES MOINES PUBLIC SCHOOLS

The Polk-Des Moines Taxpayers Association was founded in 1921. It is a private, independent, non-partisan organization whose purpose is the promotion of efficient and economical local government. The Association's philosophy is that good government is the business of every citizen. Sound fiscal policies are promoted and supported by an informed, broad-based membership, made up of community leaders and taxpayers.

The members of the Association wish to thank the District for hosting us on April 4th. We hope that the Board has taken the time to review the materials the Association uses as a part of making a determination. As a result of our discussions on last Friday, and our review of the district's finances, the Taxpayers voted to SUPPORT the proposed budget for FY2008/2009.

We remain cautiously optimistic, however, as there are several specific issues that may negatively impact the District: 1) the assessed real property valuations only grew 4.3% this past year and the slowing of the economy could mean a year of very slow growth, 2) there is legislation that is being considered that could have a negative impact on negotiations with bargaining groups, 3) the capital markets are unsettled and this will impact District's Investment revenue, which you noted in the proposed budget, and 4) the local option one-cent sales tax expires in 2010, and the renewal of that tax locally is uncertain, although the State may make a decision this year to replace it with a state-wide sales tax.

School officials everywhere talk about money problems that leave them unable to accomplish what they'd like. The conversation should not be "Do we have enough money" but "How can we use the money we have to accomplish our goals?" Each year you, the Board, must evaluate the budget to determine if it serves the District's strategic priorities and improves student achievement. Your policy and processes must ensure that your domains of fiscal stewardship, effectiveness, vision, and change, are met. When it comes to change, as we stated last year, all options must be on the table.

We applaud your adoption of Policy Governance model for conducting your business. Among other things, it requires the Superintendent to propose a budget that supports your goals and constant monitoring and accountability. The Taxpayers Association was also impressed by your ability to enter into a multi-year contract with your bargaining units early in the year. This improves your ability to plan your fiscal needs in a timely and prudent manner.

As we have in the past, we remind you that all programs and educational strategies need to be evaluated, eliminating those that do not produce substantial improvements in student achievement, in other words, data-driven decision making and performance accountability.

Since the largest share of school spending is devoted to personnel that means that changing budget priorities will affect what district employees are expected to do and could change the mix of positions that are employed. It's important to view the labor-intensive nature of the education enterprise as a positive feature that allows this district to find better ways to educate our children. Are traditional pullout programs or teacher aides the most effective way, or are smaller class sizes, individual tutoring, and top-notch professional development a better use of funds?

The Taxpayers Association would like to acknowledge the Des Moines district's implementation of the International Baccalaureate program. Our members believe that this step is a positive one. We expect, in the future, a careful and ongoing analysis of the results of this program, so that its effectiveness can be evaluated.

Finally, we are looking forward to our next meeting with Dr. Sebring this summer. We have used her suggestion to meet quarterly as a model as we deal with other local governments. The Association appreciates the time that Chief Operating Officer Bill Good has allocated to us. Our members really like his thinking and, if the State does pass a sales tax for facilities, we are eager to hear his recommendations for the District.

Chief Financial Officer Patti Schroeder has put together a very comprehensive and easy-to-understand budget book that is of value to all taxpayers. Patti, thank you and please thank your staff on our behalf for their assistance in providing the financial information to us.

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

	ACTUAL FY04/05	ACTUAL FY05/06	% OF CHANGE	ACTUAL FY06/07	% OF CHANGE	RE-EST FY07/08	% OF CHANGE	PROPOSED FY08/09	AMOUNT CHANGE	% OF CHANGE
LEVY RATE	\$18.02446	\$18.01536	-0.1%	\$18.01713	0.0%	\$17.93709	-0.4%	\$17.78100	(\$0.15609)	-0.9%
REGULAR TAXABLE VALUATION	\$5,309,814,601	\$5,352,207,469	0.8%	\$5,581,303,376	4.3%	\$5,669,375,608	1.6%	\$5,915,802,303	246,426,695	4.3%
TIF VALUATION	\$553,671,185	\$507,040,165	-8.4%	\$618,279,765	21.9%	\$610,031,440	-1.3%	\$684,836,190	74,804,750	12.3%
PROPERTY TAX REVENUE:	\$91,594,242	\$92,657,864	1.2%	\$96,627,227	4.3%	\$98,168,650	1.6%	\$101,689,968	3,521,318	3.6%
% OF TOTAL REVENUE	26.2%	25.3%	-3.6%	24.3%	-4.0%	24.8%	2.0%	25.1%	0.34%	1.4%
UTILITY REPLACEMENT EXCISE TAX	5,266,713	4,165,798	-20.9%	4,144,343	-0.5%	4,013,509	-3.2%	4,156,326	142,817	3.6%
PROP TAX WITH UTILITY EXCISE TAX	\$96,860,955	\$96,823,662	0.0%	\$100,771,570	4.1%	\$102,182,159	1.4%	\$105,846,294	3,664,135	3.6%
ALL STATE AID:	\$146,326,875	\$153,739,607	5.1%	\$158,421,888	3.0%	\$165,413,828	4.4%	\$174,737,473	\$9,323,645	5.6%
% OF REVENUE	41.9%	42.0%	0.2%	39.8%	-5.1%	41.7%	4.8%	43.1%	1.4%	3.4%
TOTAL REVENUE	\$349,349,266	\$366,461,812	4.9%	\$398,030,173	8.6%	\$396,444,955	-0.4%	\$405,134,839	\$8,689,884	2.2%
TOTAL EXPENDITURE	\$319,665,001	\$354,622,444	10.9%	\$394,722,492	11.3%	\$416,979,336	5.6%	\$397,738,013	(\$19,241,323)	-4.6%
NET GAIN (LOSS)	\$29,684,265	\$11,839,368	-60.1%	\$3,307,681	-72.1%	(\$20,534,381)	-720.8%	\$7,396,826	\$27,931,207	-136.0%
TOTAL ENDING BALANCE	\$47,582,118	\$59,421,486	24.9%	\$62,729,167	5.6%	\$42,194,786	-32.7%	\$49,591,612	\$7,396,826	17.5%
FUND BALANCE	14.9%	16.8%	12.6%	15.9%	-5.2%	10.1%	-36.3%	12.5%	2.3%	23.2%
GENERAL FUND REVENUE	\$276,817,149	\$295,274,105	6.7%	\$303,757,196	2.9%	\$323,890,298	6.6%	\$327,646,010	\$3,755,712	1.2%
GENERAL FUND EXPENDITURES	\$267,743,566	\$288,672,834	7.8%	\$301,559,750	4.5%	\$329,106,531	9.1%	\$329,116,530	\$9,999	0.0%
NET GAIN (LOSS)	\$9,073,583	\$6,601,271	-27.2%	\$2,197,446	-66.7%	(\$5,216,233)	-337.4%	(\$1,470,520)	\$3,745,713	-71.8%
PRIOR YEAR AUDIT ADJUST.	40352									
ENDING GENERAL FUND BALANCE	\$20,570,725	\$27,171,996	32.1%	\$29,369,442	8.1%	\$24,153,209	-17.8%	\$22,682,689	(\$1,470,520)	-6.1%
GENERAL FUND BALANCE	7.7%	9.4%	22.5%	9.7%	3.5%	7.3%	-24.6%	6.9%	-0.4%	-6.1%
SOLVENCY RATIO	5.6%	5.6%	0.0%	5.4%	-3.6%	5.1%	-5.6%	5.2%	0.1%	2.0%
INSTRUCTION COST:	\$185,252,752	\$199,322,151	7.6%	\$204,704,330	2.7%	\$224,067,699	9.5%	\$224,309,426	\$241,727	0.1%
% OF TOTAL EXPENDITURES	58.0%	56.2%	-3.0%	51.9%	-7.7%	53.7%	3.6%	56.4%	2.7%	5.0%
% OF GENERAL FUND EXPENDITURES	69.2%	69.0%	-0.2%	67.9%	-1.7%	68.1%	0.3%	68.2%	0.1%	0.1%
STUDENT (WEIGHTED) ENROLLMENT	40,477	40,580	0.3%	40,274	-0.8%	39,781	-1.2%	39,319	(463)	-1.2%
STATE AID: Allowable Growth in Cost Per Student	\$4,809	\$4,999	4.0%	\$5,196	3.9%	\$5,401	3.9%	\$5,614	\$213	3.9%
SALARIES & BENEFITS:	\$221,399,521	\$235,806,365	6.5%	\$251,235,000	6.5%	\$267,810,000	6.6%	\$283,430,000	\$15,620,000	5.8%
% OF EXPENDITURE	82.7%	81.7%	-1.2%	83.3%	2.0%	81.4%	-2.3%	86.1%	4.7%	5.8%
EMPLOYEES (FTE):										
ADMINISTRATION	120.0	121.0	0.8%	121.0	0.0%	124.0	2.5%	128.0	4.0	3.2%
INSTRUCTORS	2,634.0	2,772.0	5.2%	2,772.0	0.0%	2,845.0	2.6%	2,862.0	17.0	0.6%
SUPPORT	1,862.0	1,931.0	3.7%	1,920.0	-0.6%	1,937.0	0.9%	1,951.0	14.0	0.7%
TOTAL STAFF	4,616.0	4,824.0	4.5%	4,813.0	-0.2%	4,906.0	1.9%	4,941.0	35.0	0.7%
LEGAL BONDED DEBT LIMIT	\$265,490,730	\$267,610,373	0.8%	\$279,065,169	4.3%	\$283,468,780	1.6%	\$295,790,115	\$12,321,335	4.3%
LONG-TERM BONDED DEBT:	\$4,015,000	\$4,545,000	13.2%	\$21,960,000	383.2%	\$19,870,000	-9.5%	\$14,860,000	(\$5,010,000)	-25.2%
% OF ASSESSED VALUE	0.1%	0.1%	13.3%	0.4%	356.6%	0.3%	-10.7%	0.2%	-0.1%	-28.9%