

# 21<sup>ST</sup> CENTURY SCHOOLS

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*“Prosperity & Security Now & Into the Future”*

September 11, 2012

**School Board Audit and Budget  
Advisory Committee**



# 21<sup>st</sup> Century Schools

## What

### \$1.2B General Obligation Bond

- Empower voters to authorize a long term solution for modernizing school facilities & installing state of the art technology to prepare students for the 21<sup>st</sup> Century Global Economy

## Why

### Inequity & Inadequate Classrooms

- Instructional environment directly impacts education and talent creation, which are the foundation of economic development – half of school buildings are 40 years or older

## Why Now

### Waiting Adds Costs

- Investing in school infrastructure now will yield greater return for taxpayer than cost to repay bonds, due to historic low interest rates & low construction costs coupled with sunset of 1988 GOs



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## Guiding Principles

1. **Enhance the safety and security of school buildings**
2. Renovate or upgrade every school
3. Guarantee technology equity across all schools
4. Seek stakeholder input while minimizing taxpayer burden
5. Promote greater public/private partnership ventures
6. Provide economic development and employment opportunities to our community
7. Provide transparency and confidence with citizen advisory & oversight committees to ensure timely and equitable distribution of projects
8. Reinvested in the local economy



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*Empower Voters to Decide: Taxes Not Imposed*

	07-08	08-09	09-10	10-11	11-12	12-13
Discretionary Taxes Levied	\$631M	\$591M	\$507M	\$441M	\$397M	\$436M
<i>Discretionary Not Imposed</i>	\$0	\$0	\$0	\$0	\$34M	\$8M
<i>Critical Needs (Super Majority) Not Imposed</i>	\$0	\$0	\$56M	\$49M	\$0	\$0
<b><i>Taxes Not Imposed *</i></b>	<b>\$0</b>	<b>\$0</b>	<b>\$52</b>	<b>\$47</b>	<b>\$28</b>	<b>\$6</b>

<b>TAXES *</b>	<b>07-08</b>	<b>%</b>	<b>12-13</b>	<b>%</b>	<b>% Diff</b>
State Required	\$888	65%	\$880	72%	-1%
Discretionary Operating	\$118	9%	\$102	8%	-13%
Discretionary Capital	\$361	26%	\$247	20%	-32%
<b>Total Non-Voted Taxes</b>	<b>\$1,368</b>	<b>100%</b>	<b>\$1,229</b>	<b>100%</b>	<b>-10%</b>

\* Taxes for Typical Homeowner



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## General Obligation Bonds \$1.2B

### Long Term Solution for **\$5\*** to **“Continue”** 1988 GO Program

- *The Miami-Dade School Board is committed to its principles of seeking stakeholder input while minimizing taxpayer burden and to providing transparency and confidence in the process.*
  - ***Estimated Tax Calculator** has been developed to allow the citizens of Miami-Dade County to make an educated decision as to the effect that the passage of the General Obligation Bond will have on their annual tax rate, go to: <http://bondsforschools.dadeschools.net>.*
- ✓ **9,000 jobs estimated in the first three years and over 18,000 sustainable jobs during the GO Bond’s course of construction**

*\*Estimated Per \$100,000 of Taxable Value (Net of Applicable Exemptions)*



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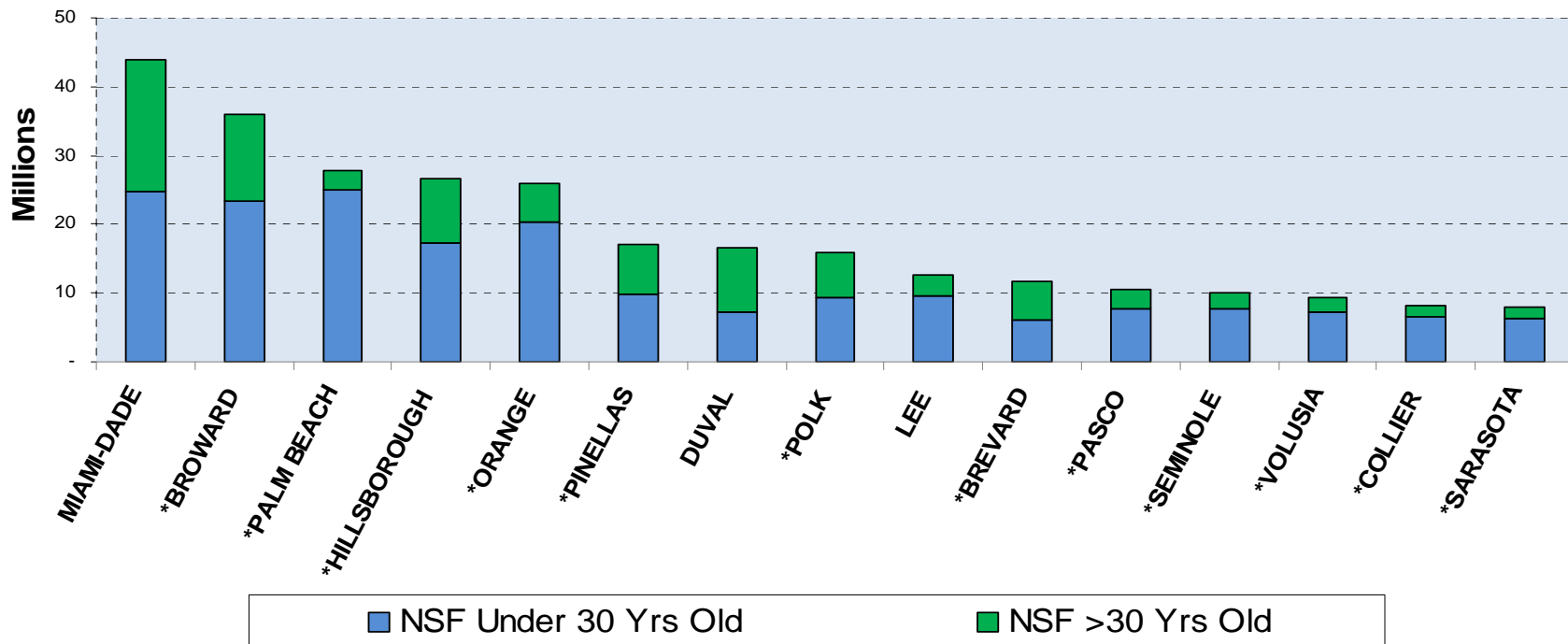
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- Renovation projects at approximately 280 schools
  - *Health and safety deficiency corrections*
  - *HVAC and electrical system upgrades*
  - *Energy efficiency and “green” building enhancements*
  - *Building envelope*
  - *Interior renovation*
  - *Site improvements*
- Full or partial campus replacements at one-third of the schools
  - *Demolition rather than renovation of outdated buildings, where cost-effective*
  - *Construction of replacement buildings properly sized to planned enrollment*
  - *Renovation of remaining buildings on the campus*
- Instructional technology equity for all students
  - *Best-in-class educational trends*
  - *Connectivity upgrades at all campuses*
  - *Interactive boards in all classrooms*
  - *Network bandwidth upgrades*
- New capacity projects in areas with projected enrollment growth
  - *New schools*
  - *Classroom additions*
  - *Facility conversions and repurposing*



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Total NSF for facilities over 30 years old for M-D is larger than total NSF for most other Florida School Districts.

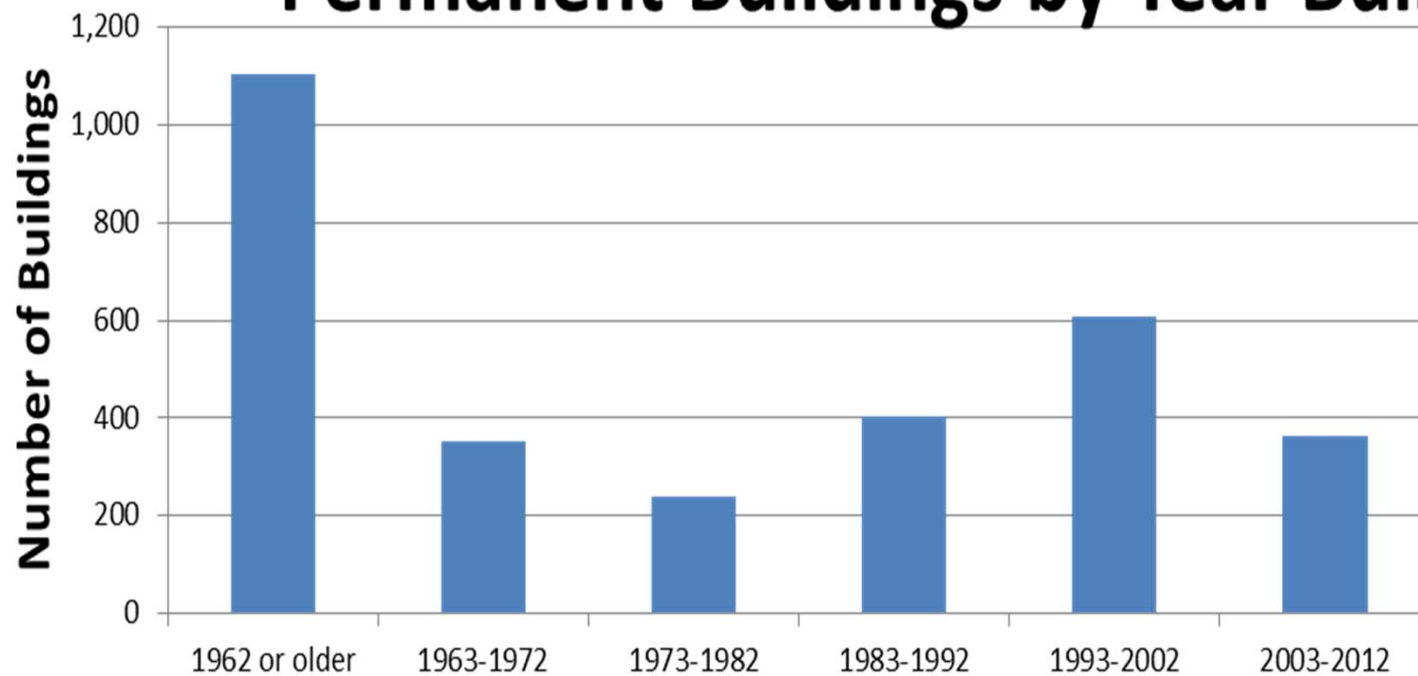
\* *Additional Revenue Source Assessed in Last Few Years*



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## Permanent Buildings by Year Built





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## **STATE FUNDING ?**

### CLASS SIZE

- \$(220M) Miami-Dade Loss
- 14% Students
- 5% Allocation

### PECO

- Revenue Constrained
- University & Charters Given Priority
- No Funding Past 2 Yrs for MDCPS

### LOML

- (25%) Millage Reduced (2 to 1.5 Mills)
- Swapped for Operating
- No Non-Voted Debt (Strand Case & 75% Rule)

***Risk: State Solution = Continue Trend of Donor Community?***



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- **\$5 in 2013** for the **“Continuing”** General Obligation Bond Program
  - \$23 in 2013 for the existing (Prior) General Obligation Bond Program, and
  - **\$28 total** School Board Debt Service estimated Taxes for 2013 (*Smooth Transition*)
- Estimated over the full term (2013 thru 2050) the average of the new GO Program on a taxable value of \$100,000 is projected to approximate **\$27 annually**.

General Obligation Bond Program -- Projected Millage Requirements (\$100,000 Taxable Value)						
Tax Roll Year	Fiscal Year	GO Bond Issuance Schedule	Taxable Value	Taxes Prior	Taxes Continuing	Total Taxes
2012	2013		100,000	\$ 23	-	\$ 23
2013	2014	\$200M	100,000	23	5	28
2014	2015	\$200M	100,000	15	11	26
2015	2016	\$200M	100,000	5	17	22
2016	2017		100,000	5	17	22
2017	2018	\$200M	100,000	-	22	22
2018	2019		100,000	-	23	23
2019	2020	\$200M	100,000	-	29	29
2020	2021		100,000	-	29	29
2021	2022	\$200M	100,000	-	35	35
2022	2023		100,000	-	35	35



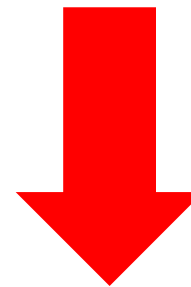
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\$1.2B GO's 2012		\$980M GO's 1988			
Avg TIC 4.82%				TIC	Partial Refunded
2013	\$200M	1989	\$200M	7.30%	5.34%(1993)
2014	\$200M	1992	\$200M	6.17%	4.6%(1996)
2015	\$200M	1994	\$150M	5.11%	
2017	\$200M	1994A	\$50M	5.91%	4.67%(1998)
2019	\$200M	1995	\$240M	5.58%	4.67%(1998)
2021	\$200M	1997	\$140M	5.18%	

**Interest Rates At Historical Lows: 30 Year Tsy 2.454% 7/24/12**

**School construction costs have fallen since the peak of the South Florida building boom in 2006-07.**



**Timing is Critical to Not Add Costs**

TIC = True Interest Costs



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**Dr. J. Antonio Villamil, Dean School of Business, St. Thomas University & Principal Economic Advisor, The Washington Economic Group, Inc.:**

- ✓ ***The modernization of school facilities and improvements to technology capabilities yield a greater Return on Investment (ROI) to taxpayers than the cost of the service to taxpayers of the GOB over time.***
- ✓ ***Postponing the GOB into the future carries significant added costs to taxpayers.***
  - Inadequate capital facilities and the inability to use state-of-the-art technology to teach and educate students have cumulative and detrimental impacts on the human resource development of Miami-Dade County. This lowers factor productivity and the future labor income of students who are graduating with inferior capital facilities and limited knowledge of technologies that are needed to compete effectively in the 21<sup>st</sup> Century.
  - The targeted industries in the State and County’s Strategic Plans\* require an educated workforce in world class educational facilities and with the ability to use the latest technologies. It is highly unlikely that Miami-Dade’s workforce will have the quality and the knowledge necessary to meet the State and County’s economic development goals with substandard and outdated educational facilities and inferior technology capacity, as is the case today.
  - From a cyclical perspective, borrowing costs are at historically low levels, and there is an ample amount of surplus labor and materials in the construction sector. Therefore, in my professional opinion, now is the time to issue the proposed GOB for the much-needed capital improvements and required technology upgrades.

*\*See Enterprise Florida’s Strategic Plan for Economic Development for the State and the Beacon Council’s One Community One Goal Program.*

