

## **General Obligation Bond – Frequently Asked Questions**

### **What is a Bond Referendum and what will voter approval of the Bond Referendum mean technically?**

The Florida Constitution and state statutes limit the taxing powers of governmental agencies. However, the Constitution does allow a governing body – in this case the School Board of Miami-Dade County, to go directly to voters with a referendum to obtain approval for a specified reason. Once the authority is granted, general obligation bonds may be issued by the governing body. In this case, the question will be presented to the voters during the November 6, 2012 general election.

If voters approve the Bond Referendum the School Board would be authorized to sell up to \$1.2 billion in bonds to pay for much needed renovation/replacement and technology upgrade needs. The Board plans to sell the bonds in series over a 9 year period. The bonds represent long-term general obligation which the District agrees to pay to bond holders over a 30 year period. Each series of bonds will be issued only when necessary. The voters are agreeing to ad valorem (property based) taxes to fund the annual principal and interest payments on the bonds.

### **Why does the Miami-Dade County School System need a Bond Referendum?**

The Miami-Dade County Public Schools needs a Bond Referendum to address critical school facilities' needs, particularly in the areas of classroom technology, technology infrastructure and safety, and provide a dignified and equitable learning environment for all children of Miami-Dade County. Nearly one-half of the District's school buildings are over 40 years old, and more than one-third are at least 50 years old. This national problem, of outdated school facilities, that in Miami-Dade is due to state funding cut-backs and the more recent attention on complying with the Class Size Constitutional mandate as well as solving the critical overcrowding conditions at our schools has reached a critical point. The state is not able to provide adequate school long-term capital funding for the current and future generations of Miami-Dade students. The challenge with State funding which continues today, is that, as the Legislature has shifted local capital millage for school operating funds, this has resulted in a reduction of the local capital millage by 25%, and has provided zero state funding for capital projects during the last two years. Therefore, the District needs this Bond Referendum to provide 21<sup>st</sup> Century schools in which to educate the students.

### **Will every school in Miami-Dade County benefit from the Bond Referendum?**

Yes, every school in Miami-Dade County will benefit from the Bond Referendum. A list of projects can be found at <http://bondsforschools.dadeschools.net>

### **We hear that some Miami-Dade County schools are under-enrolled. Is this true?**

Yes, a few of our schools are under-enrolled, as a result of population shifts over time. In order to address this, the District annually reviews enrollment projections and identifies programs or grade reconfigurations, as well as possible boundary changes. M-DCPS' goal is to provide all neighborhoods with high quality education program choices for the 21<sup>st</sup> Century.

### **What will passage of the Bond Referendum do and where will the money be spent?**

The passage of the Bond Referendum will provide the funding necessary to renovate or replace facilities, upgrade technology and enhance the safety and security of students, in order to provide a 21<sup>st</sup> Century Learning environment for all students.



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### How much will the bond issue cost me as a homeowner?

The increase to property owners for the new or “Continuing” GO Bond Program is estimated to be \$5 in the first year (2013) for homeowners with a taxable value of \$100,000 per household.

Property owners can view their individual estimated tax impact by using the Estimated Tax Calculator on the web site <http://bondsforschools.dadeschools.net>

### What does “taxable value” mean?

Taxable value is the basis your home is taxed on. It is the assessed value of the property less exemptions. It is recommended that the property owner determine their “taxable value” on the Property Appraiser’s Web Site first at <http://MiamiDadePropertyAppraiser.gov> or review their latest tax bill, before using the Estimated Tax Calculator.

### How will the tax appear on my tax bill?

Under the line labeled “School Board Debt Service”. However there will be no distinction between the new 2012 or “Continuing” bonds or the existing 1988 “Prior” bonds. It is estimated that in the 2013-tax year the total School Board Debt Service tax for a homeowner with a taxable value of \$100,000 will be \$28 or \$5 more than it is today.

In the future, the average annual tax payment for a homeowner with a taxable value of \$100,000 will be \$27 for the new Bond Program, almost the same amount of total taxes paid in the first year 2013, when both the 1988 and 2012 referendums are being repaid.

See the Estimated Tax Impact on homeowners with \$100,000 of taxable value from “Continuing” GO Bond program on the web site <http://bondsforschools.dadeschools.net>

### How would passage of the Bond Referendum benefit citizens without children?

School general obligation bonds provide a higher return on investment than the cost to pay off the bonds that will benefit the entire community, not only for students. Research shows that adults and seniors will benefit through a stronger local economy, a better-skilled workforce, and higher property values. In the short term, school upgrades generate high-quality jobs (estimated at over 18,000) and the ripple effects help local businesses and grow our local tax base. When completed, school improvements lead directly to better student performance—and as a result, to more valuable communities. Higher academic performance in neighborhood schools makes communities more attractive to businesses and new residents; research indicates that home values increase by \$1.50 for every \$1.00 of capital spending on schools. Increased graduation rates result in higher long-term employment, higher earnings, lower crime, and lower incarceration and social service costs for every taxpayer.

### What will approval of the Bond Referendum mean to Miami-Dade County Public Schools?

Approval of the Bond Referendum would mean that the Miami-Dade County Public Schools could renovate or replace their aging school facilities and bring them to a level of modernization that would improve the student learning in this community and better prepare all of our citizens of tomorrow and a more prosperous and competitive economic climate for this county.



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### **What are the benefits of going out for a bond now?**

In 1988, voters in Miami-Dade County approved a \$980 million GO Bond Referendum. These bonds are scheduled to mature by 2017. By approving the new GO Bond Referendum on November 6, 2012, as the 1988 bonds are paid off, the new 2012 bonds will replace them. The annual payments on average over the life of the new Bond Program will be \$27, while in the first year the annual payment will be \$28, \$5 more than is paid today. This is why now is the time to “Continue the GO Bond Program” because as the bonds are replaced, there will be a smooth transition and total annual tax payments after the initial year increase will be almost level.

Postponing the Bonds will carry significant added costs to the taxpayers since construction costs are off their peak and interest rates are at historical lows. That means that, the modernization of school facilities and technology improvements now instead of later will yield a greater return on investment to taxpayers. In addition to bringing all of our school facilities to 21<sup>st</sup> century levels, the Bond will also serve as an economic engine for the community. Over 9,000 jobs will be created in the first 3 years and over 18,000 sustainable jobs during the Bond course of construction.

### **What can we anticipate if the Bond Referendum fails?**

The failure of the Bond Referendum will lead to the continued deterioration of school facilities. The State has drastically reduced the funding to school districts for long term maintenance needs. An improvement program is necessary so that the quality of education in Miami-Dade County Public Schools can be maintained. If the Bond Referendum were to fail, school facilities will continue to deteriorate and the gap in access to 21<sup>st</sup> century technology by our students will widen across the District. It is likely that a number of emergency actions would be required, such as the closure and/or consolidation of schools or programs. Since 2008 the total taxes levied under the School Board’s control have been reduced by \$195 million. If the Bond Referendum fails, the School Board may have to raise property taxes to the maximum rate permitted by law or downsize the system, thereby leading to the closure of programs and schools at a higher overall cost.

### **Does the school board presently have much long-term indebtedness related to past Bond Referendums?**

As of the end of fiscal year 2012, there was \$161 million in GO Bonds, which are due to be paid off in 2017.

### **Doesn’t the School District receive lottery monies?**

Miami-Dade Public Schools has received no lottery funds for the current fiscal year and over the last 3 years less than \$1.33 million in each year. Approval of the lottery by voters was due to a state referendum, and as such Miami-Dade School District has no control over how these revenues are allocated.

The Bond Referendum offers the opportunity for Miami-Dade residents to locally direct 100% of the bonds proceeds to Miami-Dade County Public Schools and the local economy.



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### How were the construction and renovation needs identified?

M-DCPS staff develops a comprehensive five-year plan of capital construction needs on a regular basis. That plan was utilized to identify the planned renovations for each school facility.

### Are there any other funding sources to take care of Miami-Dade County Schools' construction and renovation needs?

Other funding sources are not sufficient to fund the \$1.2 billion in capital needs. The state is not able to provide adequate school long-term capital funding for the current and future generations of Miami-Dade students. The state has shifted monies that were allocated to capital construction needs to the operating fund, including diverting all PECO dollars to Charter Schools and shifting the funds generated by the local millage to the operating fund to cover state cutbacks.

The Florida Department of Education has approved the Resolution 12-122 passed by the School Board on August 1, 2012 that indicates that the projects are essential to the Miami-Dade School Improvement Plan and that available revenue sources are not sufficient to fund the plan without a voter approved GO Bond Referendum.

### Have other Florida School Districts passed similar Bond Referendums or initiatives and why was the General Obligation Bond solution chosen?

Yes. Recently Florida School Districts have used the following additional forms of voter approved funding authorized under Florida law:

Form of Voter Approved Funding	Number of Counties	Statutory Authority
Voted Operating Millage	14 Counties	1011.71(9) and 1011.73(2)
Portion of Local Government Infrastructure Sales Surtax:	5 Counties	212.055(2)
School Capital Outlay Surtax s.	15 Counties	212.055(6)

In reviewing the options, the voter approved operating millage would not provide a long-term solution to Miami-Dade's Schools capital needs and it is estimated that a half penny surtax for capital construction needs would cost residents over 18 years old in Miami-Dade \$74 a year. Therefore, Miami-Dade County Public Schools, is seeking voter approval for a General Obligation Bond solution that is estimated to cost \$5 annually per household with \$100,000 of taxable value. Throughout the nation General Obligation Bonds are the most common form of funding long-term capital needs of school systems with over \$238 billion bonds issued over the last 10 years.

### If I rent do I pay this tax?

No, not directly, because it is the property owner who pays the tax. However, the property owner calculates the payment of all taxes, along with other expenses in determining how much rent to charge



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### **Will all the \$1.2 billion bonds be issued at once?**

No. It is estimated that the bonds will be issued over 9 years, \$200 million each year for the first 3 years, starting in 2013, and then \$200 million every other year in, 2017, 2019, and 2021.

### **Why do we need a Bond Referendum as opposed to building and renovating schools on a pay-as-you-go basis?**

First of all, there is not enough money in the current capital budget to address Miami-Dade County's needs as they exist. The public school system cannot just go to a bank as a homeowner can and take out a loan to upgrade and renovate a school. With the Bond Issue and a 30 year payback period, future generations of students and their parents will share the responsibility of paying for the facilities they will use.

### **The Miami-Dade County School system is planning one of the most extensive school construction and renovation programs in the state. How can we be sure that the work can be accomplished within a reasonable timeframe and safeguard taxpayers investment?**

In order to provide transparency and instill confidence in the taxpayers of Miami-Dade County the proceeds of the proposed General Obligation Bond Program are being used wisely, that projects are being delivered timely, are equitably distributed, and that the investments made will support the local economy, a 21<sup>st</sup> Century School Bond Advisory Panel will be created for this purpose. The panel will consist of representatives appointed by a variety of community organizations from various areas of the community to ensure equitable representation of all stakeholders. This Advisory Panel will be charged with reviewing and monitoring the program. An annual report on the progress will be presented at a publicly noticed School Board meeting.

### **Will the Bond Referendum pay for new administration buildings?**

No. The projects that have been submitted to the State for approval are all for schools. Information on the approved projects can be found at <http://bondsforschools.dadeschools.net>

### **How long will the bonds be outstanding or when will they be paid off?**

Typically, the bond will be paid off over 30 years. The state legislature in its 2012 legislative session approved the extension of Florida school district bonds maturity period from 20 years to 30 years. It brought the term of Florida school district general obligation bonds in line with most other tax-exempt issuers throughout the country and in Florida.

### **If I am interested in finding out more information about the Bond Referendum, where can I look for more information?**

A website has been created, <http://bondsforschools.dadeschools.net> to provide access to information regarding the Bond Referendum.

