

Venessa Whitener's \$57 Million Oops

Current Higley board president, Venessa Whitener, is ardently defending her \$57 million mistake in an attempt to win her re-election bid. Even folks like Ryan Smith, son of failed gubernatorial candidate and former Mayor Scott Smith, have attempted to defend her mistake on social media sites like Facebook ([here](#)).

As a Higley Unified School District governing board member, I have an obligation to raise my voice when an issue with potentially adverse impact is brought to my attention. I recently published a piece ([read it here](#)) regarding Mrs. Whitener and the former Higley governing board's decision to encumber millions upon millions of new debt commitment in order to construct the Cooley and Sossaman middle schools; thus, leveraging the financial resources of our future students and families for the next 40 years. The figures referenced in the initial article are indeed correct, based on the actual language and fee schedules contained within the two lease agreements (read them [here](#) and [here](#)) entered into by the Higley governing board, including Venessa Whitener, in late 2012. As it turns out, JMF-Higley 2012, the for-profit lessor, has amended the Facility Use Agreements at least four times, the first of which occurred on December 11, 2012 and most recently on October 1, 2014, in order to eliminate the pervasive confusion caused by the poorly written and incorrect language contained within the original documents. The October 1, 2014 revised agreements stipulate that the total price for both middle schools is approximately \$151.2 million over the life of the 40-year lease.

Venessa Whitener has noted on her Facebook page that she will "continue" to "check and verify" her "facts" if re-elected. She also claims that she "measures twice" and "cuts once," presumably referencing her self-declared attention to detail as a board member and defense of Higley education. Unfortunately for Higley voters, Mrs. Whitener's actions and voting record as a board member present a contrarian narrative to her populist campaign talking points and rehearsed *for the children* speeches. The lease agreements (read them [here](#) and [here](#)) that the governing board, including Venessa Whitener, approved in 2012 did indeed indicate a total cost of more than \$300 million over 40-years. Why then did Mrs. Whitener not question the cost at the time? Am I wrong to presume that she read the contracts prior to approving them? As stated above, unfortunately for the future students and taxpayers in our district it appears that she did not read the lease agreements prior to approving them, reminiscent of Nancy Pelosi's infamous "we have to pass the bill so that you can find out what is in it" approach.

To be clear, this lack of due diligence is not a singular occurrence for Mrs. Whitener and the governing board majority. The failure to conduct a full review of the lease agreements is reminiscent of their failure to analyze price escalators contained within the solar energy agreements for Higley's two solar power generating structures, which would have resulted in a net loss to the district budget had the Arizona Auditor General not called public attention to the egregious solar agreements. Moreover, the middle school funding debacle is also reminiscent of the recent 24-hour, publicly accessible compressed natural gas fueling station that Mrs. Whitener championed without ever requesting or receiving a profitability study, cost analysis, mechanical due diligence report, so on and so forth. A culture of *trust but don't verify* has been the status quo of the Higley governing board majority for quite some time.

Regarding the middle school funding debacle, while the \$151.2 million aggregate cost is significantly less than the initial \$300 million, we must endeavor to inquire whether it is truly a good deal for the district. To refresh, the cost to actually construct each of Higley's middle schools was approximately \$27.6 million. This price tag is based on cost figures provided by the district for Cooley Middle School.

The prevalent argument by Mrs. Whitener's supporters has been that the \$151.2 million combined price tag is equivalent to the total cost, including debt service, had the district used bonds as the funding source. Unfortunately, the numbers don't pan out for proponents of this argument. While the total cost of bonds are ultimately dependent upon their respective interest rates, a conservative approximation on the total principal plus debt service cost amongst Arizona school districts is 170%. Using this as a conservative baseline, we multiply \$27,600,000 by 170% (or 1.7),

which gives us an aggregate cost, including debt service, of approximately \$46,920,000 per middle school (\$93,840,000 for both schools) had the Mrs. Whitener and the governing board majority utilized the more traditional approach of bonding. The variance between the \$151.2 million price tag for the middle schools under the lease agreements Mrs. Whitener approved and the would be cost, had bonds been used, is a staggering \$57,360,000.

The other common argument amongst Mrs. Whitener's supporters has been that the lease included the furniture, fixtures and equipment (FF&E), which makes this lease perfectly comparable to the total cost had the district had to purchase those items upfront using bond funds. To be clear, FF&E are items such as desks, tables, chairs, computers, filing cabinets, smart boards for the classrooms, etc. In order for their argument to be correct, the district would have had to spend \$57.36 million dollars on FF&E, more than 125% of the total cost of a third school including debt service.

A third argument promulgated by Mrs. Whitener's supporters has been that the ballot measure allowing the governing board to enter into these lease agreements was passed by nearly 70% of the popular vote in 2012. While the actual percentage may be true, the argument is little more than simple misdirection by its proponents. The public was misled by the district in the months leading up to this ballot measures passage; whereas, the community was told in multiple town hall forums that without the overrides the middle schools could not be built. A great number of voters approved the lease extension ballot measure under these false pretenses and the governing board at the time, including Mrs. Whitener, took advantage of their good will. More importantly, simply because you *can* do something doesn't mean you *should* do something and the mere fact that the ballot measure was approved does not grant the board a blank check to appease the Superintendent by blindly approving a bad deal offered up by a for-profit company.

Unfortunately for Venessa Whitener and the governing board majority, there is no valid argument that can be made to justify their reckless disregard for the future financial position of the district, not to mention the lack of due diligence at the time the lease agreements were approved. These abhorrent lease agreements have now placed Higley on the hook for more than 106% of our annual fifty-three million dollar district-wide budget. More than the aggregate forty-six million dollar cost to build a new school. More than one thousand new teachers making \$55,000 each. Way more than they should have cost. The lease agreements steal millions of dollars per year from Higley's M&O budget, forcing future budget cuts deeper into the classroom and potentially yielding a significant adverse impact to the future quality of education Higley is able to offer. In just the last 48 hours, Venessa Whitener has continued to declaim the "innovative" funding method she and the rest of the board championed to bring these middle schools to Higley, but let's be clear, there is nothing innovative about wasting \$57 million that should have gone to our students in the classroom.

Ultimately, this boils down to board members that disrespect the will of the Higley community and are more concerned with doing what *they* want, when *they* want it—without the patience to effectively plan for the long-term and communicate that plan to all stakeholders throughout our great community. Time and time again Mrs. Whitener has shown that she cares more about keeping the district office happy than she does about representing the will of the community at-large.

We need board members focused on championing curricular innovations that will prepare our students for a rapidly changing global economy. We need board members that understand the importance of teaching the foundational principles of leadership, business, entrepreneurship, civics and our founding documents to *every* student that attends Higley schools. We need board members centered on the goal of *every* student being given the tools to achieve prosperity in life. The future generations of American leaders are being born today and it is incumbent upon each of us to promote educational opportunities that position Higley students to become those future leaders. I am confident that I have stood up for these principles and values throughout my tenure on the Higley governing board and I will continue to do so for the remaining two years of my term. I am passionate about our students receiving an education that sets them up for immense success later in life.

Venessa Whitener has served her community on the Higley school board for many years; however, her record reflects an unwillingness to question proposals from the Superintendent, an unwillingness to perform her own due diligence and an unwillingness to think critically, beyond the talking points provided to the governing board by our district administration. She may very well have the best of intentions, but her track record and voting record demonstrate a deep disconnect between her rhetoric and her actions.

Please join me in supporting Michelle Anderson and Rebecca Jarman for Higley school board. These two ladies are deeply committed to the long-term success of both our great school district and our incredible students.



Jake Hoffman
Governing Board
Higley Unified School District