

# **SRVUSD PARCEL TAX OVERSIGHT COMMITTEE**

2010 Annual Report

Presented by Peter Hoefs, Mark Jewett & Dan Parnas

January 25, 2011

# Parcel Tax Oversight Committee (PTOC) established in November 2009

- Julie Azevedo
- Jill Birnbaum
- Chih-Chi Chu
- Peter Hoefs
- Mark Jewett
- Shannon Mundelius
- Alicia Moore
- Jennifer Ottley
- Dan Parnas
- \*Christine Williams
- \* Gary Black
- \*\*Denise Jennison

\*SRVUSD staff assisting PTOC

\*\* Board Member Liaison

## In May 2009 SRVUSD voters approved a \$144 per year parcel tax

- The parcel tax revenue is currently a “bridge” to supplement the SRVUSD budget because of deficient state funding
- Parcel tax generates approximately \$6,675,849 per year for the SRVUSD
- The parcel tax expires in 7 years or 2015 – 2016 fiscal year

## SRVUSD schools also rely on donations from parents and the community

- Even with the Parcel Tax, the budget picture would be bleak without these additional contributions of approximately \$12M (from all sources combined)
  - These site contributions are one-time funds mainly derived from parent and community contributions collected throughout the year
  - The funds are not included in the July 1, 2010 adopted SRVUSD budget since they are year-to-year donations, but are reflected in year-end expenditures of the total budget

# The responsibilities of the PTOC

- Provide oversight for the SRVUSD School Board on the expenditures funded by the parcel tax in order to ensure that the funds are spent for the purposes approved by the voters
- PTOC will monitor the expenditures of the parcel tax by the District and will report on an annual basis to the Board and Community on how the parcel tax funds have been spent

Source: SRVUSD Resolution 02/09-10

# SRVUSD's \$144 per year parcel tax compared to other East Bay School Districts

- Orinda - \$810
  - Divided between Orinda Union and Acalanes Unified
- Lafayette- \$614
  - Divided between Lafayette Elementary and Acalanes Unified
- Walnut Creek - \$383
  - Divided between Walnut Creek ESD and Acalanes Union
- Livermore - \$138
- Mount Diablo Unified - \$99
  - Includes: Bay Point, Clayton, Concord, Martinez, Pacheco, Pittsburg, Pleasant Hill and Walnut Creek
- Pleasanton - \$0

Source: EdSource.org

# Communication to the voting community emphasized use of parcel tax dollars

- Parcel Tax Funds Will:
  - Retain qualified and experienced teachers
  - Prepare students for college and careers in the global economy
  - Maintain strong math, science and literacy programs
- Parcel Tax Funds **Will Not**:
  - Pay for administrator's salaries

Source: Revised FAQ for website – SRVUSD Website

# The Parcel Tax contributed to retaining quality teachers

- Retaining staff has kept student to teacher ratios lower than what they would have been without the parcel tax:
  - \$6.7M is the equivalent to 98 teachers
  - Without retaining teachers, class size would have increased to an average of 30:1 and further cuts would have been made to core curriculum
    - Possibly would have included programs, counselors, music teachers, and librarians



## SRVUSD API scores increasing despite budget pressures and increased enrollment

- 2009 – 2010 = 916
- 2008 – 2009 = 914
- 2007 – 2008 = 904

Source: California Department of Education, "Accountability Progress Reporting"

## Recent SRVUSD high school graduate's survey results

- 1,834 SRVUSD Graduates Responded
- 1,208 (65.9%) Attend 4-Year College or University
  - 352 (19.2%) University of California Universities
  - 307 (16.7%) California State Colleges & Universities
  - 125 (6.8 %) California Independent 4-Year Colleges and Universities
  - 424 (23.1%) Out of State or International Universities
- 549 (29.9%) Community College
- 77 (4.2%) Military, technical, work/travel, other

Source: SRVUSD

## The PTOC's challenge this year

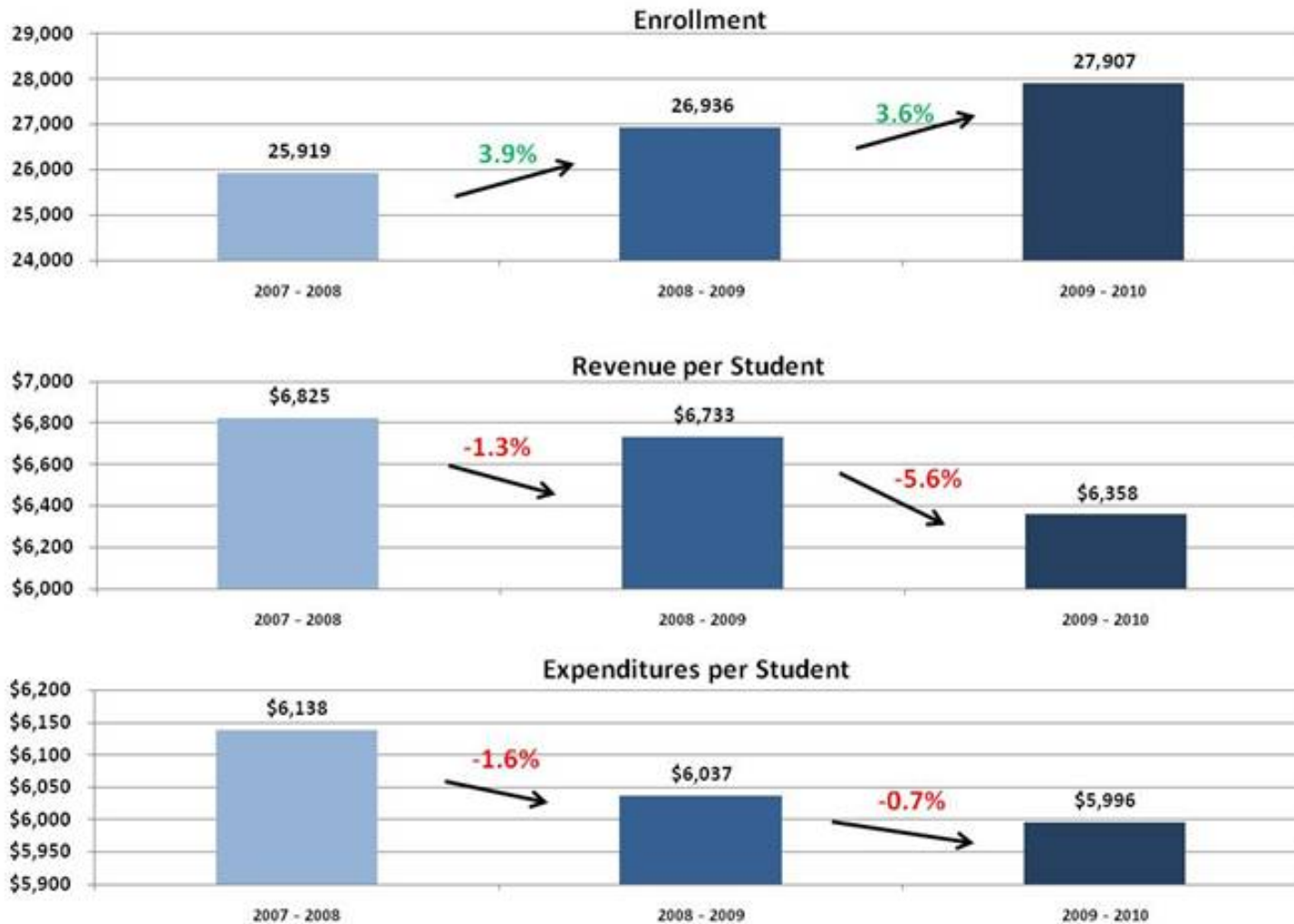
- Tracking the parcel tax funds from the General Fund while allowing the SRVUSD to maintain spending discretion within the purpose of the parcel tax
  - The PTOC used this as an opportunity to conduct a high-level review of the entire district-wide use of unrestricted funds to gain confidence that all unrestricted funds (including the parcel tax) were used in an appropriate manner
  - A financial subcommittee was formed to execute this review and analysis
    - Subcommittee members includes Jill Birnbaum, Mark Jewett and Dan Parnas with support from Gary Black and his staff

## PTOC reviewed the unrestricted funds expenditures over the last 3 years on a per student basis

- Parcel tax revenues are recorded in the general fund, so the PTOC could not specifically identify parcel tax-related expenditures
- As a result, analyzed expenditure trend variances to all unrestricted revenue-per-student trends over the same period (the “Base Line”)
- Significant variances of any expenditure category trend to the Base Line were reviewed to ensure reasonable explanation

\*This per student analysis approach is appropriate given the large increases in enrollment over the 3-year period

As enrollment has increased, revenues and expenditures per student have decreased over the last 3 years\*



\* Unrestricted general fund

# Review of 5 key expense components of the budget and Base Line metrics

- Expense components
  - Certificated Salaries
  - Classified Salaries
  - Benefits
  - Books & Supplies
  - Services & Other Ops

- Base Line explanations:

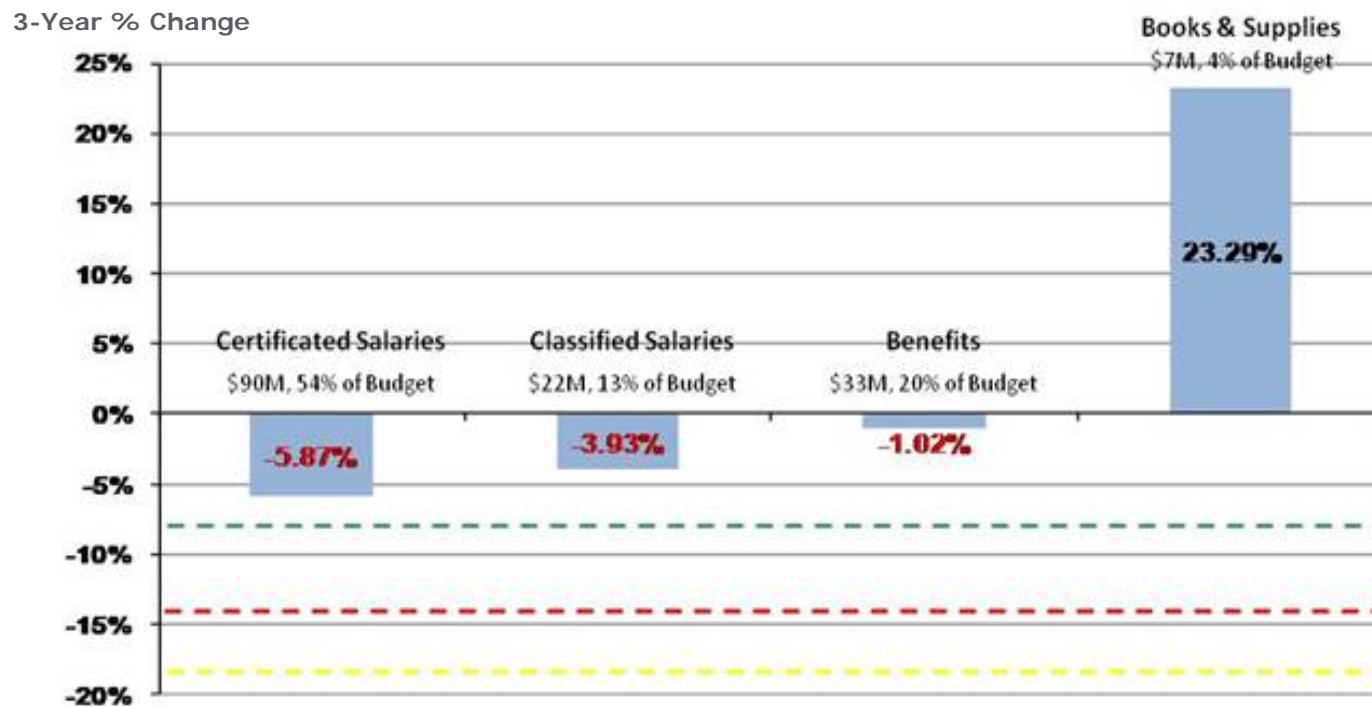
----- *Base Line 3-Year Unrestricted Revenue per Student Trend (7)%*

----- 3-Year Unrestricted Revenue Limit per Student Trend (14)%

----- Total 3-Year Deficit Factor Trend (18)%

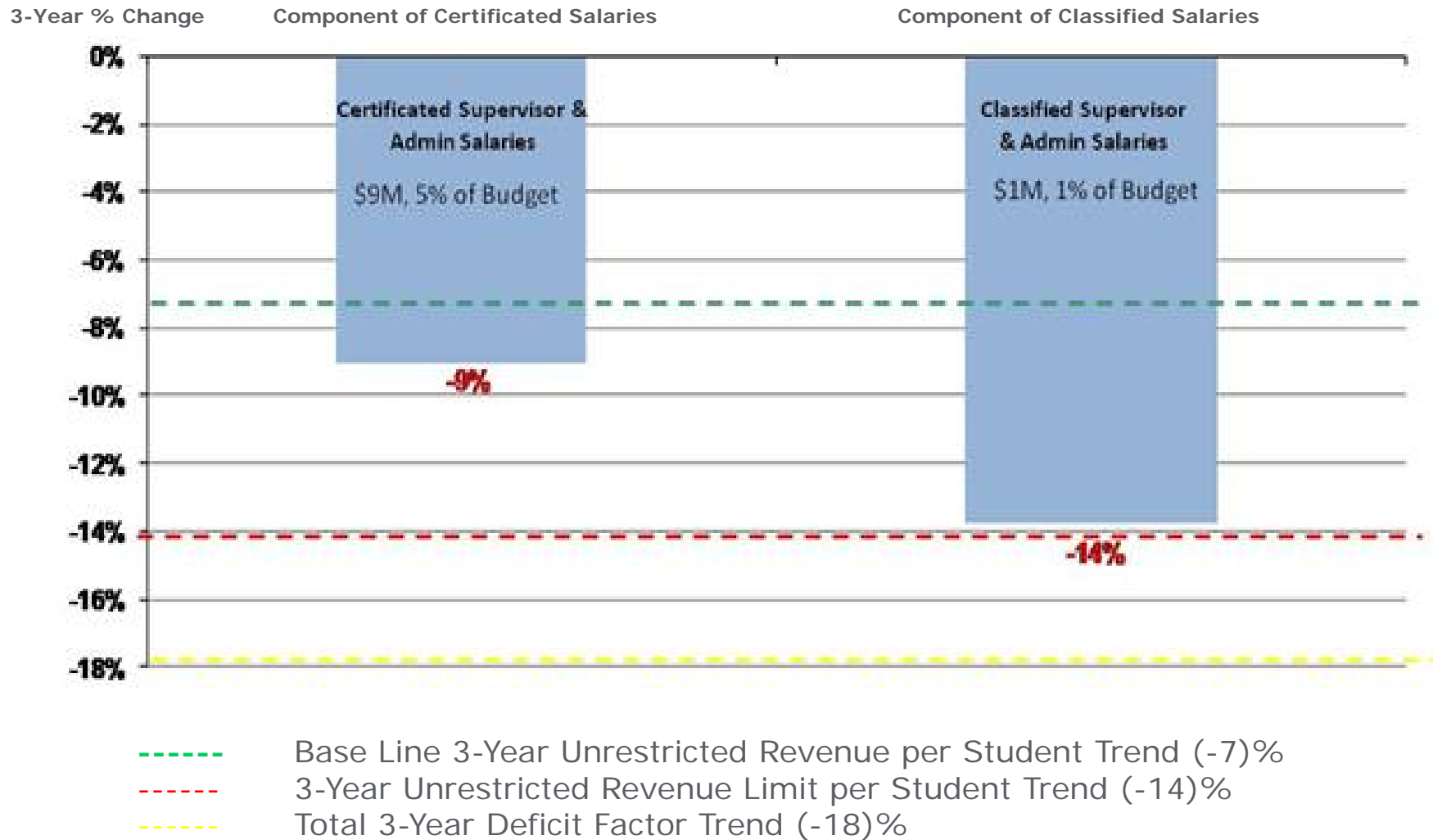
# Salaries represent 67% of the budget and have declined near or at the Base Line

- Books & Supplies increase came primarily from Apple laptop leases purchased through the donations at individual schools
- Negligible decrease in Benefits is related to pre-negotiated health benefit rate increases consistent with national trends



- Base Line 3-Year Unrestricted Revenue per Student Trend (7)%
- 3-Year Unrestricted Revenue Limit per Student Trend (14)%
- Total 3-Year Deficit Factor Trend (18)%

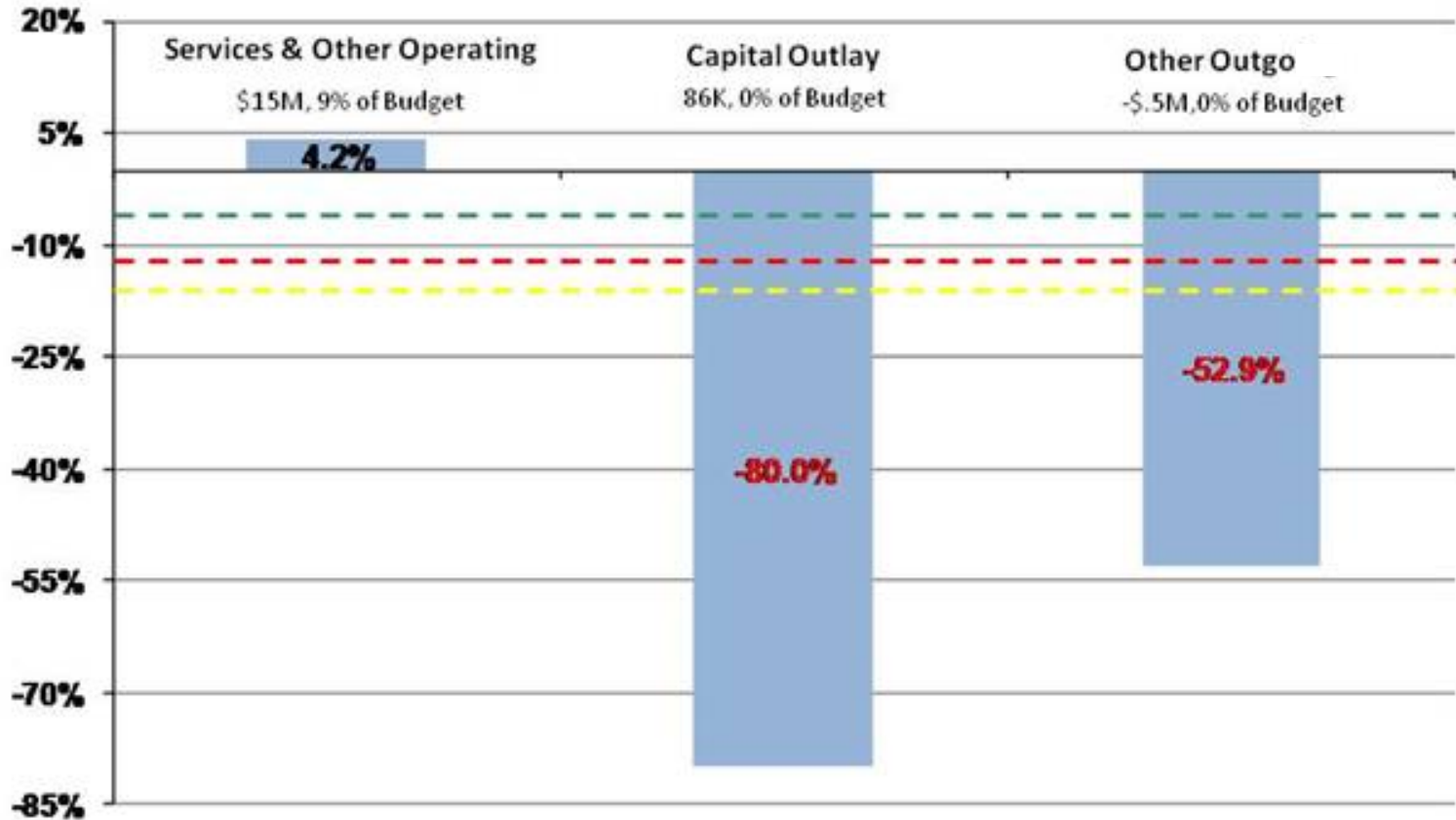
# Administration expenses declined greater than the Base Line





# Capital Outlay and Other Outgo (deferred maintenance) were decimated

3-Year % Change

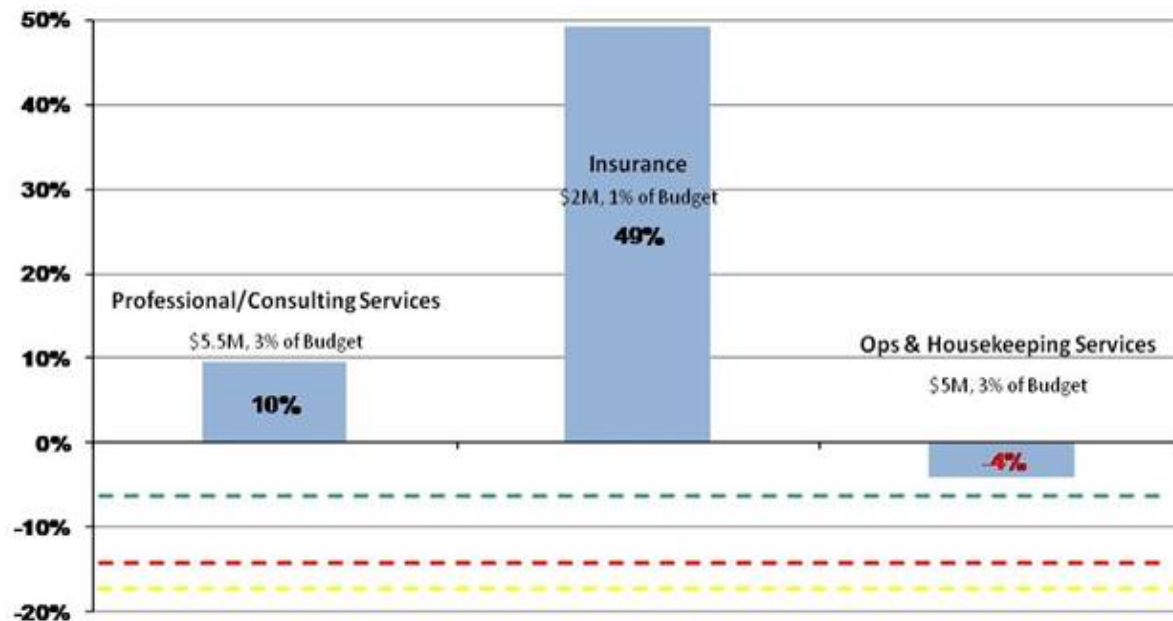


- Base Line 3-Year Unrestricted Revenue per Student Trend (-7)%
- 3-Year Unrestricted Revenue Limit per Student Trend (-14)%
- Total 3-Year Deficit Factor Trend (-18)%

# Services and Other Ops increases warranted further review and analysis

- Professional/Consulting increased due to required restricted programs and loan interest expense from deferred State funding
- Insurance increased due to completion of general obligation bond capital outlay projects such as gyms, theaters, classroom buildings
- Ops & Housekeeping are often fixed costs and expected to fluctuate with enrollment

3-Year % Change



- Base Line 3-Year Unrestricted Revenue per Student Trend (7)%
- 3-Year Unrestricted Revenue Limit per Student Trend (14)%
- Total 3-Year Deficit Factor Trend (18)%

# PTOC's Findings

- State funding deficit factor trend was an aggregate decline of 18% over the past 3 years, but due to other one-time fund sources and the parcel tax, the 3 year aggregate per student reduction in unrestricted fund revenues was only 7%
  - Without those additional funds bridging the gap, the financial condition of the district would be significantly worse
- All major spending categories constituting \$145M and 87% of the 2009-10 unrestricted fund expenditures trended downward over the past 3 years within expectations
- Supervisor and Administrative Salaries for both Certificated and Classified employees trended significantly downward over the past 3 years
  - This is consistent with the Measure C campaign commitment - no funds to be spent on administrator's salaries

## Conclusion

- Through this methodology, the PTOC is confident that the parcel tax funds are being spent within the intended purpose of the parcel tax