

SRVUSD PARCEL TAX OVERSIGHT COMMITTEE

2010 – 2011 Fiscal Year Annual Report

Presented by Peter Hoefs

January 2012

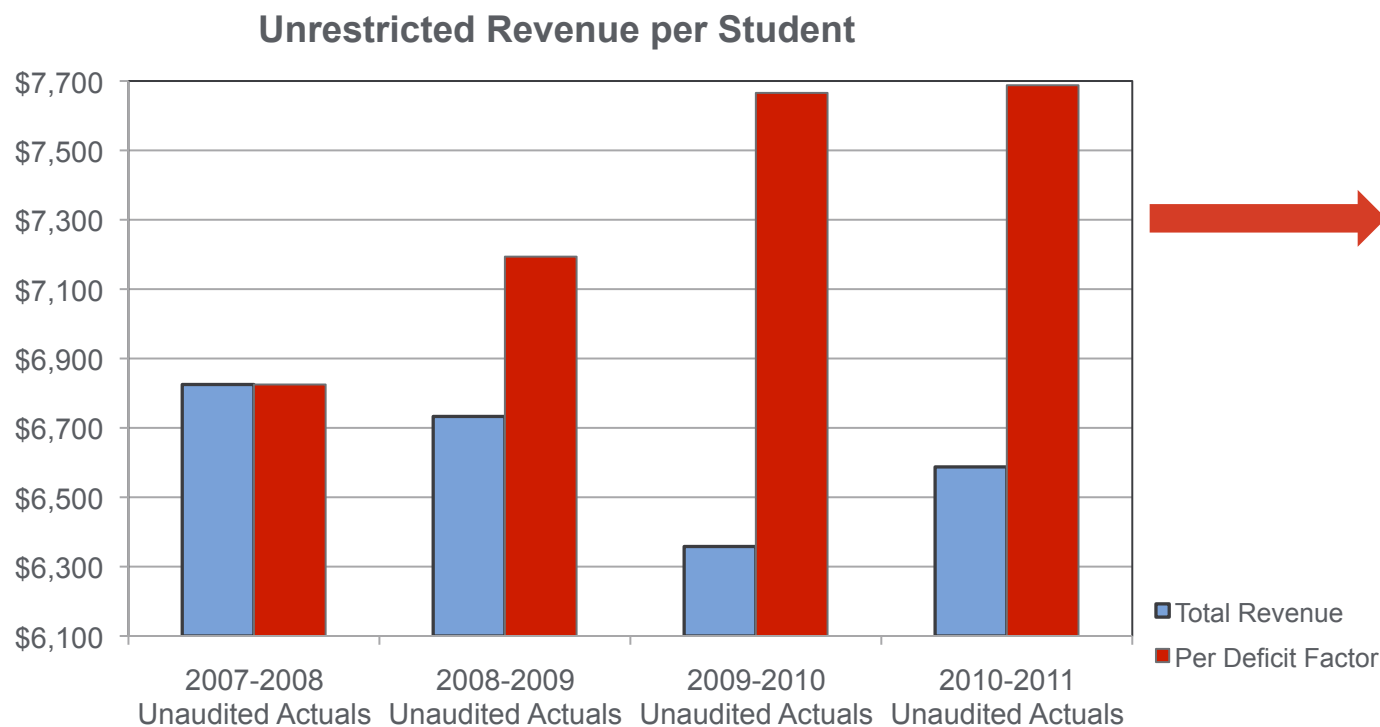
Parcel Tax Oversight Committee (PTOC) established in November 2009

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

**SRVUSD staff assisting PTOC

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

- The parcel tax revenue is a “bridge” to supplement the SRVUSD budget because of deficient state funding
- The parcel tax generated \$6,630,149 for 2010-2011 fiscal year
- The 7 year parcel tax expires in 2015 – 2016 fiscal year



Overall 4 year cumulative deficit factor results in \$2,912 per student reduction in revenue owed by State, or a reduction of \$82M

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

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

SRVUSD API scores continue to remain strong

- 2010 – 2011 = 922
- 2009 – 2010 = 916
- 2008 – 2009 = 914
- 2007 – 2008 = 904

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

PTOC presented the first annual parcel tax fund expenditures analysis to SRVUSD Board in January 2011

- The PTOC was confident that the parcel tax funds were spent within the purpose of the parcel tax measure for fiscal year ending June 30, 2010

How can the PTOC track the parcel tax funds from the General Fund while allowing the SRVUSD to maintain spending discretion within the purpose of the parcel tax measure?

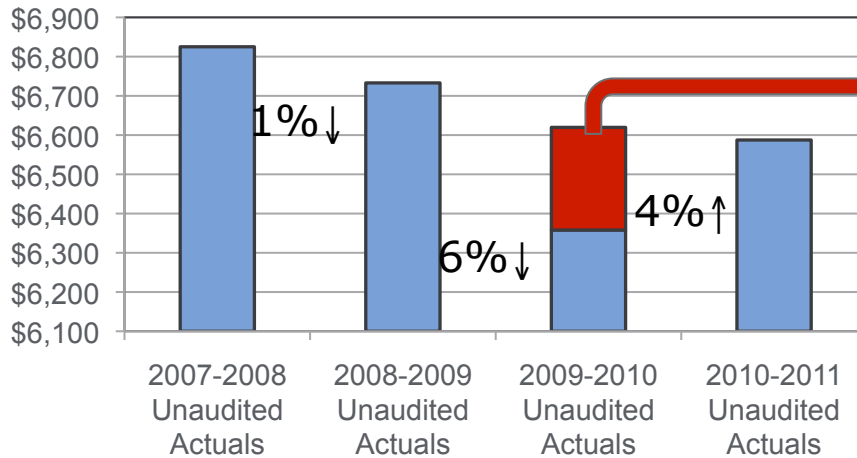
- Since all parcel tax revenues are recorded in general fund, the PTOC could not specifically identify parcel tax-related expenditures
- The PTOC used this as an opportunity to conduct a high-level review of the entire district wide use of unrestricted funds to gain confidence that all unrestricted funds (including the parcel tax) were used in a prudent manner

PTOC used expanded expense analysis methodology for fiscal year ended June 30, 2011

- In both years, the committee analyzed expenditure trend variances to unrestricted overall revenue per student trends over the same period (our “Base Line”)
- In 2011, the committee expanded the methodology to include evaluation of material changes in expenditures Year over Year (YOY) to ensure reasonable explanation

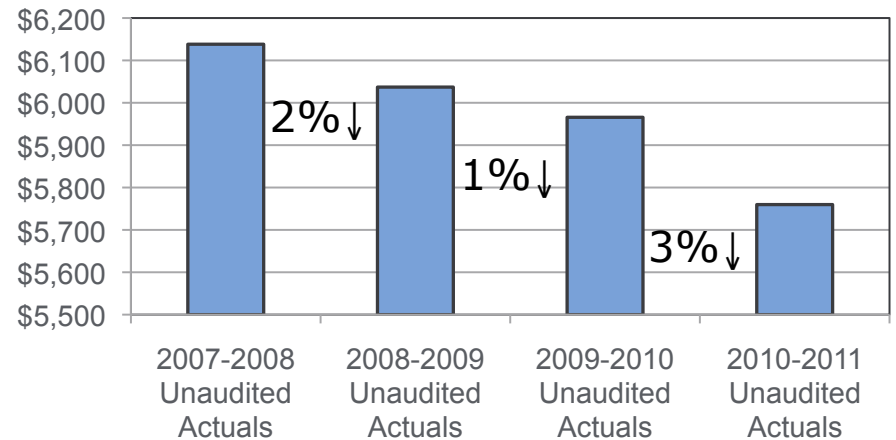
Unrestricted revenues per student continues on downward trend of 3.5% over 4 years and unrestricted expenditures are trending downward by 6% during the same period

Unrestricted Revenue per Student



* One time revenue limit take back in 2009-2010 of \$7.3MM

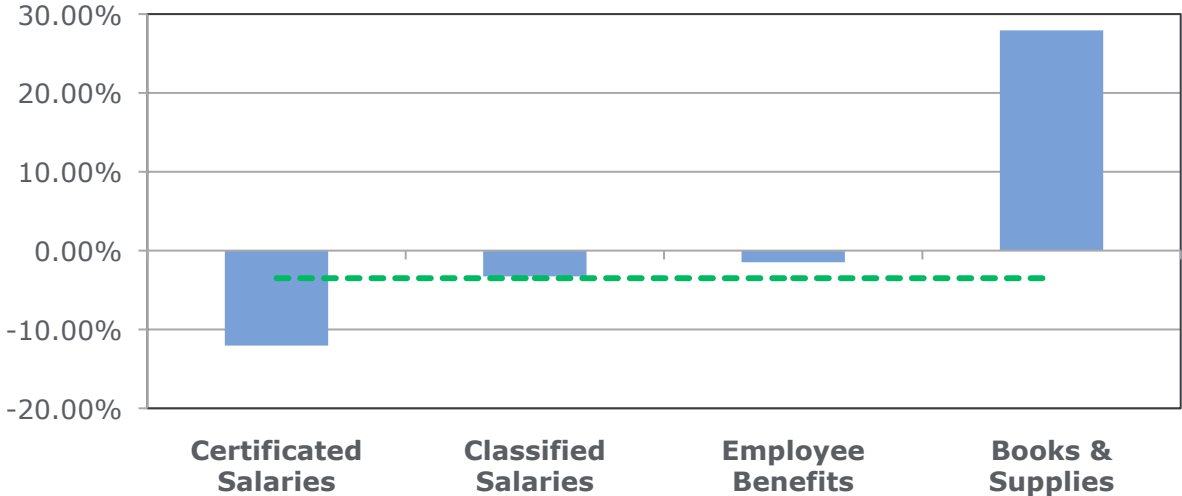
Unrestricted Expenditure per Student



Certificated salaries decreased and Books and Supplies increased ahead of expectations

- Certificated salary reductions
 - Class size increase in K-3 from 24 to 26
 - 2 Furlough days
 - General attrition (reduced average salary)
- Books and Supplies increase due to local site donations

**Unrestricted Expenses per Student
% Change: 07/08 – 10/11**

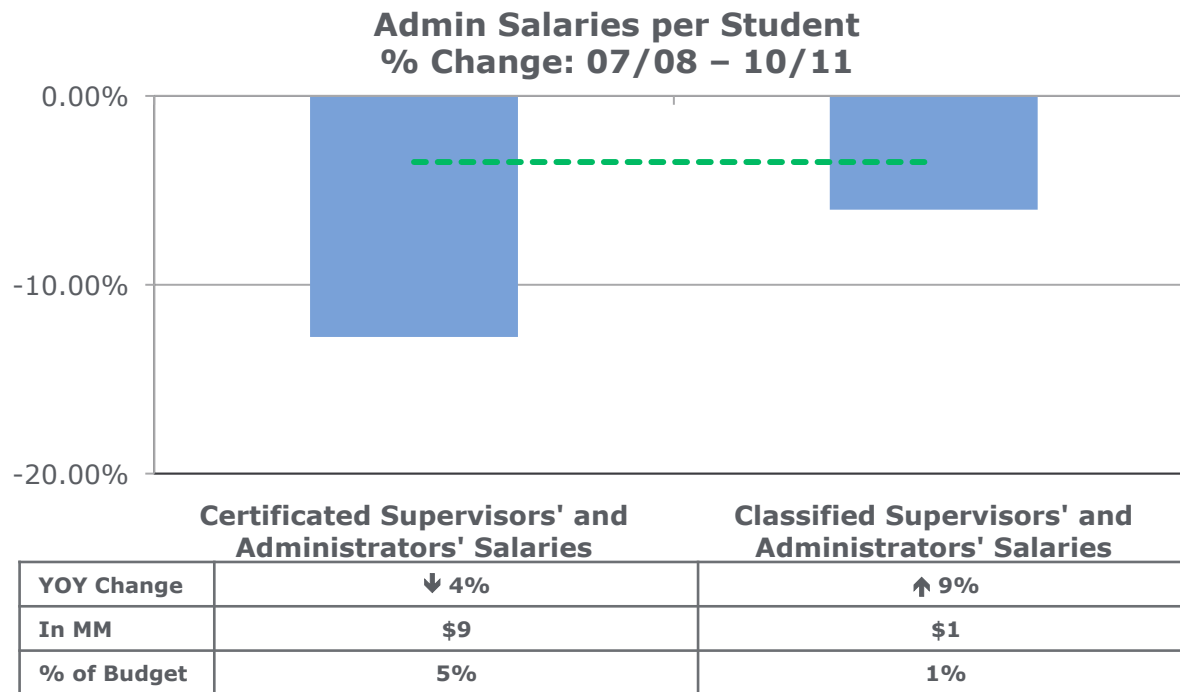


YOY Change	↓ 7%	↑ 1%	↓ 0.5%	↑ 4%
In MM	\$88	\$23	\$34	\$7
% of Budget	53%	14%	21%	4%

--- Baseline 4-year Unrestricted Expense per Student Trend (-3.5%)

Administrative salaries decreased in line with expectations

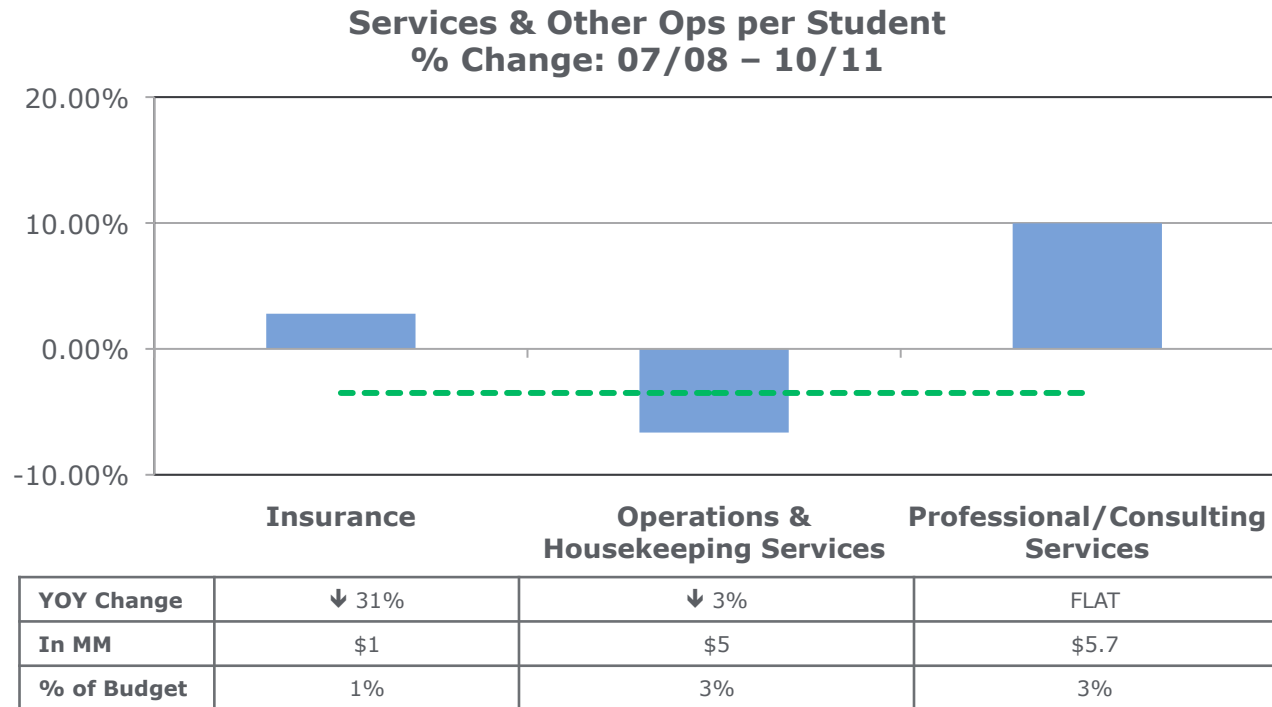
- YOY increase of classified administrative salaries
 - Reclassification of certificated manager to classified manager
 - Temporary hire of network administrator to implement new student information system



--- Baseline 4-year Unrestricted Expense per Student Trend (-3.5%)

Insurance decreased as expected year over year while Professional/Consulting Services remains flat

- YOY decrease due to one time settlements in prior year that are not recurring
- Professional/Consulting services increase over 4 years but remained flat YOY



----- **Baseline 4-year Unrestricted Expense per Student Trend (-3.5%)**

PTOC'S Summary for fiscal year ending June 30, 2011

- Cumulative state funding shortfall to SRVUSD of \$82 Million (20%) over 4 years
- Due to other one-time fund sources and the parcel tax, the 4 year aggregate per student reduction in unrestricted fund revenues was only 3.5%
- Unrestricted fund expenditures trended downward over the past 4 years at or near the Base Line with all variances explained
- Supervisor and Administrative Salaries for both Certificated and Classified employees trended downward over the past 4 years at or near the Base Line
 - This is consistent with the Measure C campaign commitment - no funds to be spent on administrator's salaries

Conclusion

- The PTOC is confident that the parcel tax funds are being spent within the purpose of the parcel tax measure.