

SRVUSD PARCEL TAX OVERSIGHT COMMITTEE

2013 – 2014 Fiscal Year Annual Report

Presented by: Dan Parnas & Shelley Clark

February 24, 2015

Parcel Tax Oversight Committee (PTOC) Members

- Debbie Choy
- Shelley Clark, Chairwoman
- Sandra Lee Lepley
- Steven Minchen
- Alicia Moore
- Carl Nichols
- Jennifer Ottley
- Dan Parnas
- Ketan Patel
- **Scott Anderson
- Mark Jewett – SRVUSD Board Member Liaison

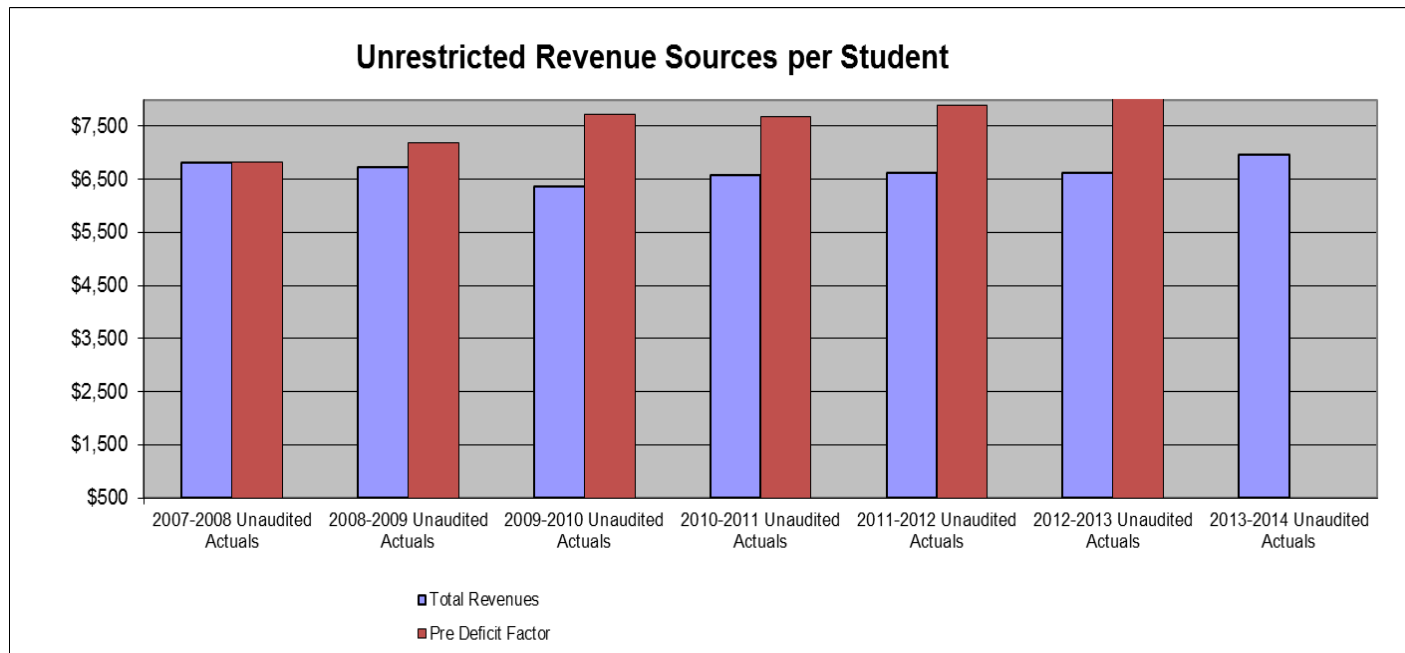
**SRVUSD staff assisting PTOC

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

- The parcel tax generated \$6,783,572 for 2013-2014 fiscal year
- The 7 year parcel tax expires in 2015 – 2016 fiscal year

In 2013-2014 the LCFF (Local Control Funding Formula) was implemented

- Unrestricted and restricted revenues have been combined
- 4.23% increase in revenue the 1st year of LCFF implementation
- Expectation is by 2021 funding level will be at same level prior to deficit funding (2007) adjusted for COLA



From 2007 -2012 deficit factor results in aggregate \$5,438 per student reduction in unrestricted revenue owed by State, or a reduction of \$167M

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

Measure C communication to the voting community emphasized use of parcel tax dollars

- Parcel Tax Funds Will:
 - address the impact of cuts in the State's education budget on teachers, classroom programs and student services
 - maintain academic excellence
 - retain qualified and experienced teachers
 - prepare students for college and careers for a global economy
 - Maintain math, science, literacy and other academic programs
 - provide other financial support such as the purchase of instructional equipment, materials and supplies
- Parcel Tax Funds Will Not:
 - Pay for Administrators' salaries

SRVUSD API scores remained strong over 6 year period. API scores are longer be available after 2012-2013

- 2012 – 2013 = 923
- 2011 – 2012 = 927
- 2010 – 2011 = 922
- 2009 – 2010 = 916
- 2008 – 2009 = 914
- 2007 – 2008 = 904

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

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 the 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

For the fiscal year ended June 30, 2014, the PTOC continued to analyze expenditure trends and variances as the basis of its quantitative analysis

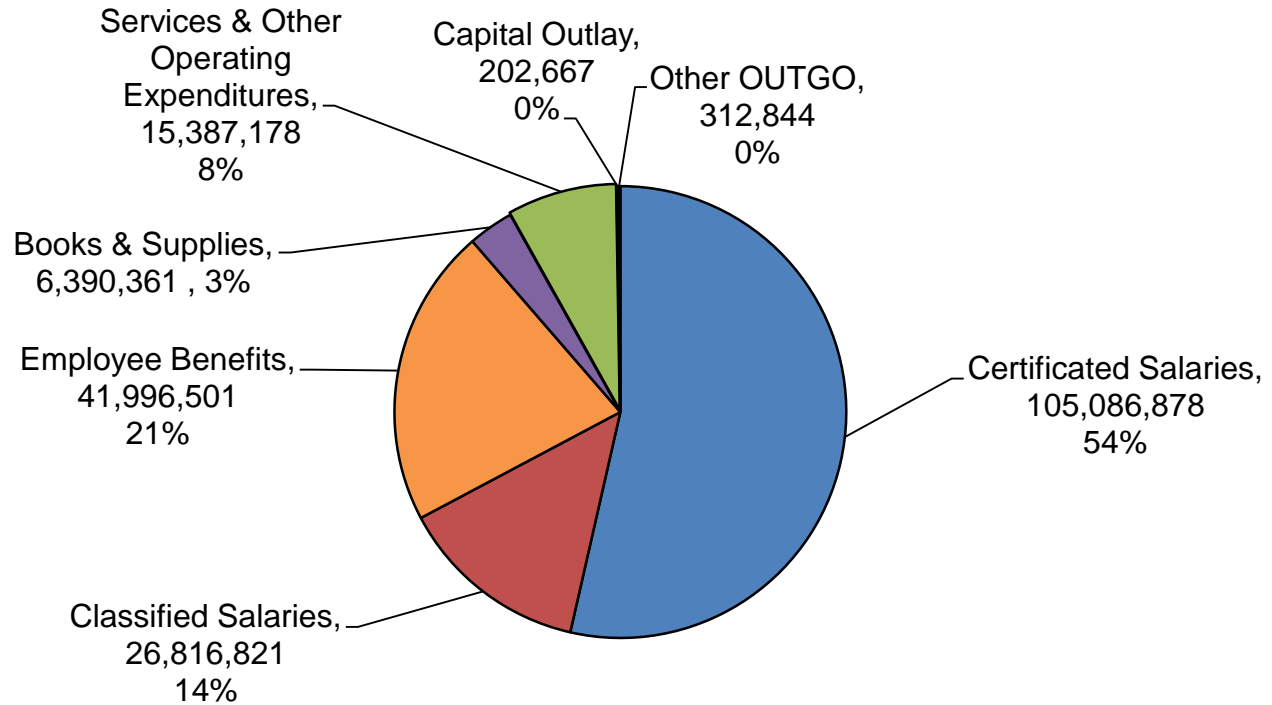
- The committee analyzed expenditure trend variances to overall unrestricted revenue per student trends over the 6 year period ending June 30, 2014 (our “Base Line”)
- The committee evaluated material changes in expenditures per student Year over Year (YOY)

Major expenditure categories analyzed

	Unaudited Actuals						
	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
Certificated Salaries	105,086,878	103,639,905	97,454,608	87,412,540	90,149,232	92,147,201	88,945,774
Classified Salaries	26,816,821	25,310,896	23,955,962	22,867,394	21,884,707	21,766,799	21,157,484
Employee Benefits	41,996,501	41,730,501	38,883,887	34,249,395	33,156,942	30,893,939	31,112,218
Books & Supplies	6,390,361	6,674,042	7,943,174	7,222,009	6,707,151	4,306,084	5,052,457
Services & Other Operating Expenditures	15,387,178	14,821,942	14,389,210	14,721,366	14,964,746	14,039,283	13,340,708
Capital Outlay	202,667	410,149	508,611	73,700	86,142	332,507	400,269
Other OUTGO	312,844	495,628	297,173	255,806	(462,885)	(872,605)	(913,258)
Total Expenditures	196,193,250	193,083,063	183,432,624	166,802,210	166,486,035	162,613,208	159,095,652

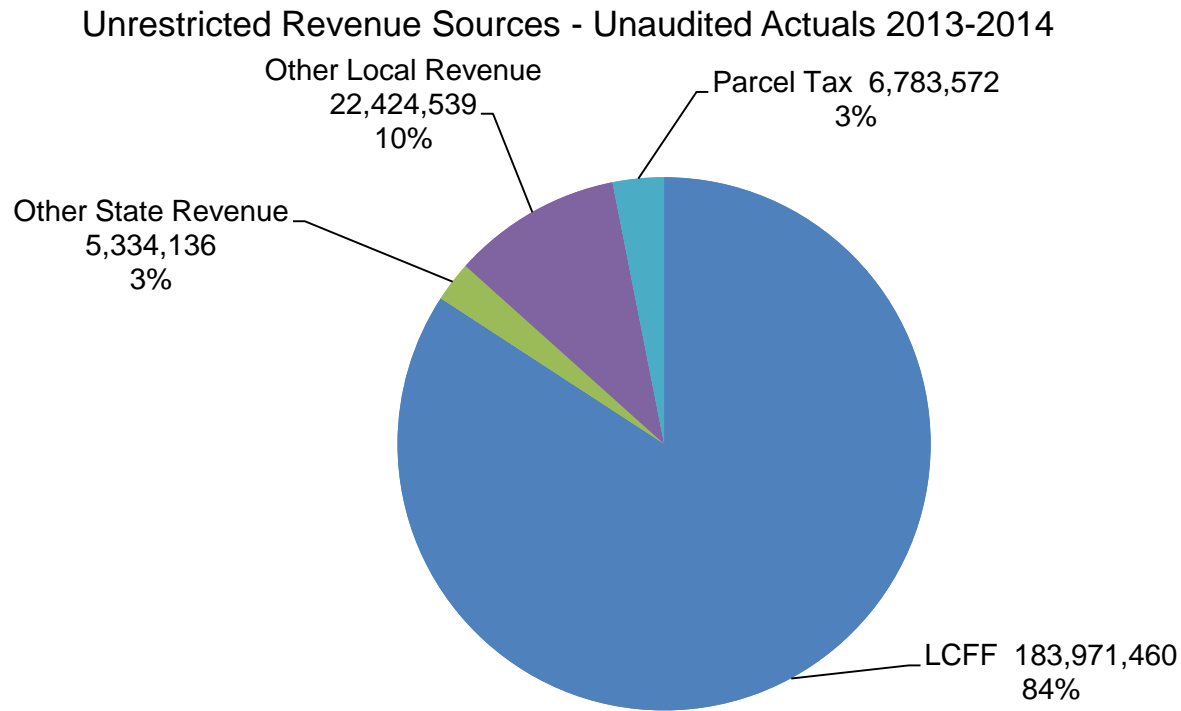
Salaries and Benefits represent 89% of total unrestricted expenditures

**Unrestricted Expenditures - Unaudited Actuals
2013-2014**



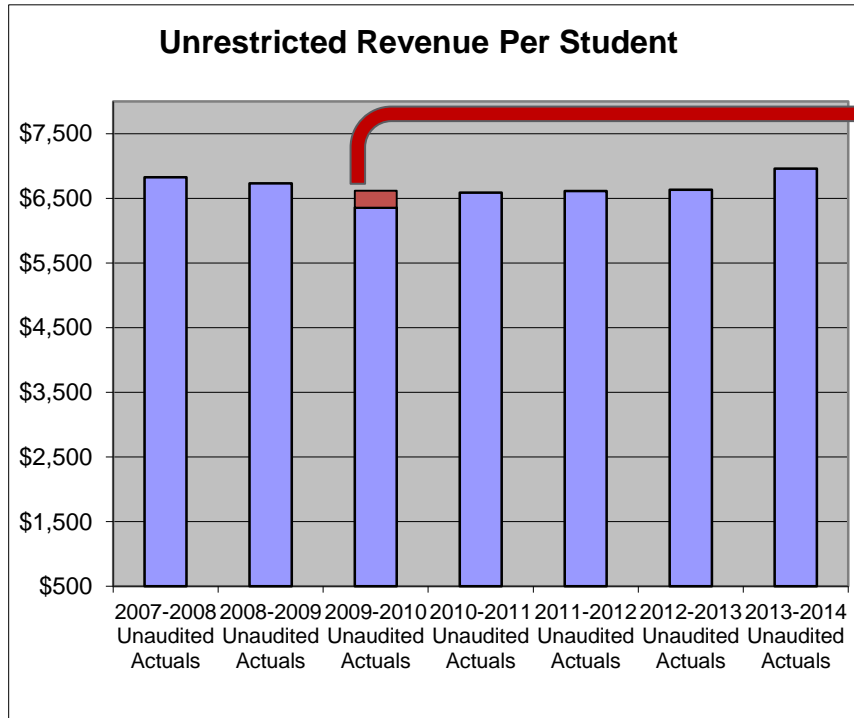
Total Unrestricted Expenditures \$196,193,250

Although Parcel Tax revenue represents 3% of total unrestricted revenue sources, PTOC reviews all unrestricted expenses



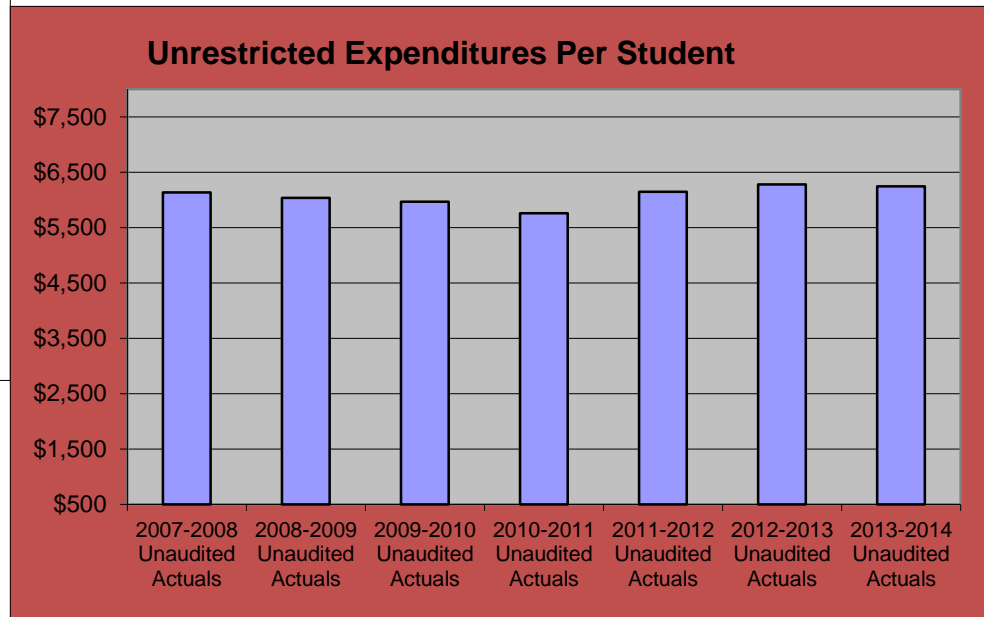
Total Unrestricted Revenue \$218,513,707

Unrestricted revenues and expenses per student on upward trend of 2% over 6 year period



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

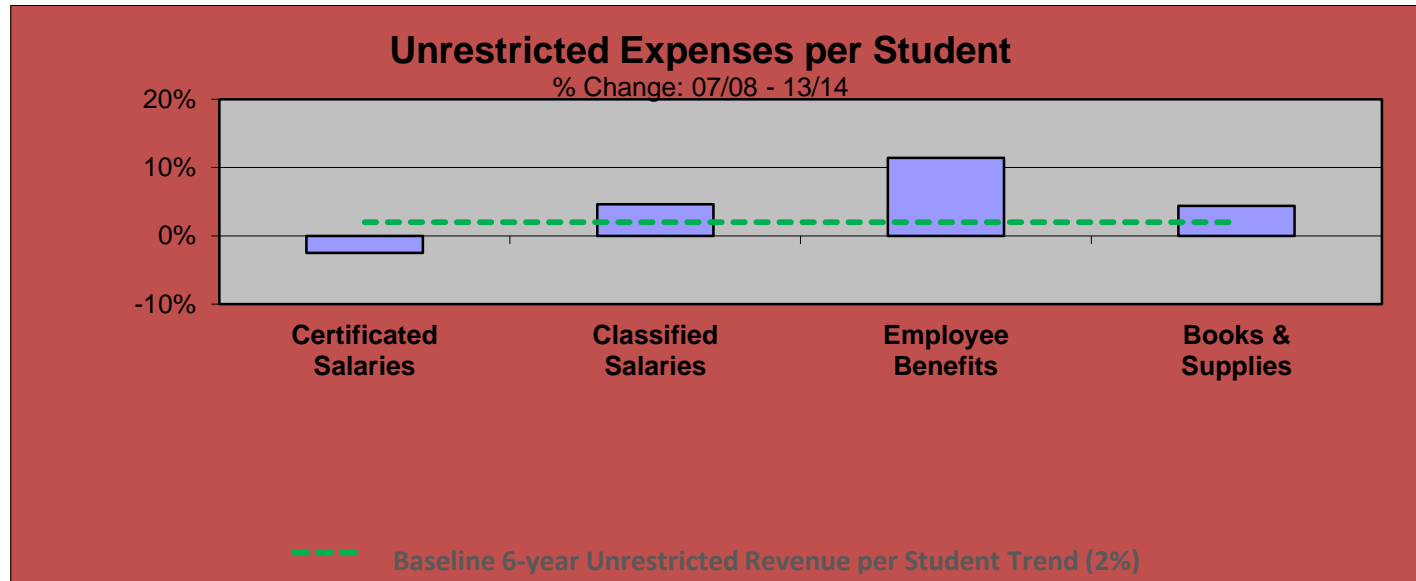
YOY Change	5%
6-Year Trend	2%



YOY Change	-1%
6-Year Trend	2%

Classified Salaries, Employee Benefits, Books & Supplies expenses increased over 6 year period

- Additional analysis necessary due to Classified Salaries trending higher than baseline

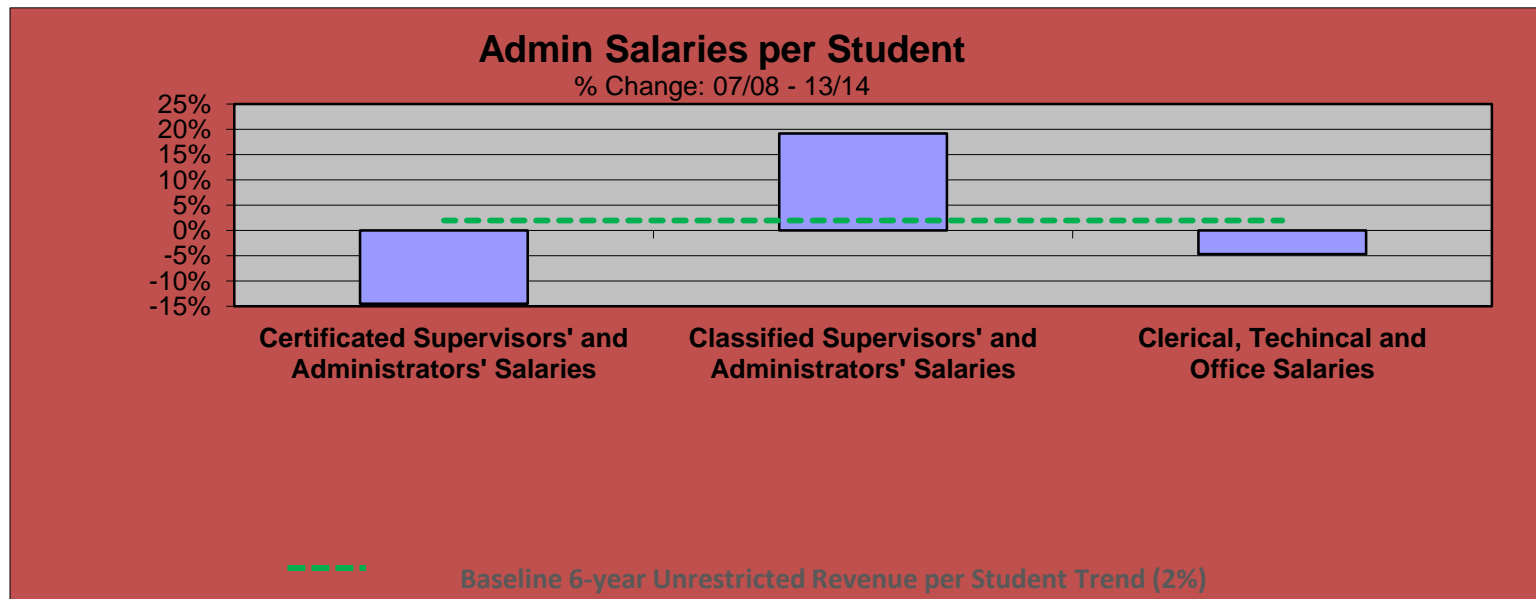


	<u>Certificated Salaries</u>	<u>Classified Salaries</u>	<u>Employee Benefits</u>	<u>Books & Supplies</u>
YOY Change	-1%	4%	-1%	-6%
6-Year Trend	-2%	5%	11%	4%
Total Annual Expense	\$105	\$27	\$42	\$6
% of Budget	54%	14%	22%	3%

* YOY Change in Employee Benefits due to Unemployment insurance rate changed from \$1.3MM to \$63k

Why did Classified Administrative Salaries increase 22% YOY?

- Between 2007 -2012, administrative positions were reduced
- 2.0 FTE was a shift from certificated to classified resulting in a reduction in Certificated and a disproportionate increase in Classified with no net change
- 2.55 FTE added (.55 adding purchasing director, 1 technology support supervisor, 1 Director of Assessment, Research and Evaluation)
- 4.23% increase revenue from the state and implementation of Common Core



	<u>Certificated Supervisor</u>	<u>Classified Supervisor</u>	<u>Clerical & Technical</u>
YOY Change	-1%	22%	0%
6-Year Trend	-14%	19%	-5%
Total Annual Expense	\$9	\$2	\$10
% of Budget	5%	1%	5%

PTOC'S Summary for fiscal year ending June 30, 2014

- Revenue effects over last 6 years...
 - Cumulative state funding shortfall to SRVUSD (unrestricted) of \$167 MM(22%) through 2012-13
 - New LCFF implemented in 2013-14 resulting in 4.23% increase revenue from the state
 - The per student increase in total unrestricted fund revenues was only 2%

- Unrestricted expenditures trended up 2% per student over last 6 years
 - After analyzing the variance in administrative and supervisory salaries, our conclusion is that the district prudently deferred hiring and backfilling positions until revenue levels justified the expenditures

Conclusion

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

Appendix

Deficit Factor Analysis – Unrestricted Revenues

Unaudited Actuals Year	Post Deficit Unrestricted	Pre Deficit Unrestricted
2007 - 2008	\$143,195,240	\$143,195,240
2008 - 2009	\$145,797,372	\$158,185,003
2009 - 2010	\$132,824,641	\$170,737,469
2010 - 2011	\$145,537,221	\$177,216,754
2011 - 2012	\$150,056,697	\$188,417,477
2012 - 2013	\$155,047,493	\$199,036,777
TOTAL	\$872,458,663	\$1,036,767,264
DIFFERENCE	\$164,308,600	
PER STUDENT DEFICIT (FROM 2008 - 2013)	\$5,344	

Services & Other Operating Expenditures

Services & Other Operating Expenditures	Unaudited Actuals - Unrestricted						
	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
Subagreements for Services	-	-	11,808	-	-	126,985	-
Travel & Conferences	281,690	287,363	286,872	198,040	157,510	118,966	164,733
Dues & Memberships	67,899	41,721	19,468	32,713	14,359	22,401	37,248
Insurance	1,486,730	1,411,353	1,298,713	1,233,241	1,726,165	1,028,506	1,073,741
Operations & Housekeeping Services	4,889,852	4,594,372	4,652,910	5,307,142	5,256,293	5,343,356	5,087,978
Rentals, Leases, Repairs, & Noncapitalized Improvements	1,579,883	1,583,000	1,742,039	1,644,095	1,706,098	1,732,710	1,792,941
Transfers of Direct Costs - Interfund	(77,342)	(2,063)	40,421	101,683	136,703	138,493	140,148
Professional/Consulting Services	6,570,683	6,274,989	5,807,698	5,771,511	5,542,948	5,295,051	4,697,056
Communications	587,783	631,206	529,281	432,940	424,670	232,814	346,863
Total	15,387,178	14,821,941	14,389,210	14,721,365	14,964,746	14,039,282	13,340,708