

Meeting Date: November 9, 2010

Item Title: Review of Proposed March Parcel Tax Key Terms

Item Type: Information

BACKGROUND: This recommendation follows two public hearings by the Board of Education. At each hearing, the District shared information regarding possible structures for a replacement parcel tax. Several community members attended the hearings to express their values and concerns regarding the structure for a replacement parcel tax.

Some key values emerged from the public hearings, including:

- That businesses and residences should be taxed at the same rate;
- The tax should be specific as to what programs it will support;
- The language of the tax should include accountability provisions that require transparent communication to the community as to how parcel tax dollars are spent on an annual basis;
- That no tax will be perfect or please all the stakeholders, but it is the Board's obligation to strike the best possible compromise;
- The tax must include a maximum tax, or cap, so that Alameda can continue to attract new businesses and preserve our locally-owned businesses.

In addition to comments about the structure for a replacement tax, the Board has heard from several parents and community members about the programs that are critical to education in Alameda and that should be preserved with a replacement parcel tax.

These programs include:

- Small Elementary Class Sizes;
- Neighborhood Elementary Schools;
- Programs that make Alameda schools excellent, like art, music and advanced placement courses; and
- Secondary school redesign through a more deliberative process that involves all stakeholders and recognizes that one size doesn't fit all.

ALAMEDA UNIFIED SCHOOL DISTRICT BOARD AGENDA ITEM	EXHIBIT F-6
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(cont'd)

The presentation recommends a parcel tax structure that seeks to accomplish these core values and objectives. The presentation *does not* include a recommendation for the amount of the tax or for rate of taxation. Based on the District's First Interim Budget, the Superintendent will recommend an amount and a corresponding rate of taxation at the November 23 regular meeting of the Board of Education.

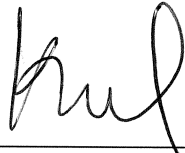
FISCAL IMPLICATIONS: N/A

RECOMMENDATION: Receive the Superintendent's recommendation as to the structure for a replacement parcel tax and provide staff with feedback for the November 23, 2010 meeting.

AUSD Guiding Principles: #6-Allocation of funds must support our vision, mission, and guiding principles

Submitted by: Kirsten Vital, Superintendent

Approved for Submission to Board of Education



 Kirsten Vital, Superintendent

Key Terms of Spring 2011 Parcel Tax

November 9, 2010

Superintendent Vital

Background

Recommendation tonight follows two public hearings to share parcel information and hear community values and concerns.

Core Community Values on Structure of Tax

- Tax businesses and residences at the same rate
- Provide specificity as to what programs the tax will support
- Include accountability provisions that require transparent communication to the community as to how parcel tax dollars are spent on an annual basis
- Recognize that no tax will be perfect or please all the stakeholders, but strike the best possible compromise
- A maximum tax, or cap, is necessary to continue attracting new businesses to Alameda and preserve our locally-owned businesses

Background *continued*

Core Community Values on Programs to Protect

- Small Elementary Class Sizes
- Neighborhood Elementary Schools
- Maintain the programs that make Alameda schools excellent, including art, music, and advanced placement courses
- Undertake secondary school redesign through a more deliberative process that involves all stakeholders, recognizes that one size doesn't fit all and that successful redesign will require support and an investment of funds

Tax Levy & Term

- Based on building square foot
- Residential and nonresidential property assessed at the same rate
- Assess a flat rate for parcels which do not contain buildings – with exact flat amount to be determined on 11/23
- Maximum amount of tax, or “cap,” for parcels with buildings which exceed a specified size
- Exemption for seniors and recipients of SDI
- REPLACEMENT tax for Measures A and H
- Term 7 Years – effective July 1, 2011

Allocation of Funds

- Smaller class sizes
- Neighborhood elementary schools
- Enrichment programs such as art and music
- Programs to close the achievement gap
- Secondary School Choice Initiative and AP courses
- Counseling support for secondary schools
- High school athletic programs
- Alameda charter students
- Provide and maintain technology at school sites
- Adult Education
- Attract and retain excellent teachers

Definition of Purposes

Small Class Sizes

- Defined % of funds will be dedicated to maintaining manageable elementary class sizes with student to teacher ratios no greater than 25 to 1 in K-3 classrooms.

Neighborhood Elementary Schools

- Defined % of funds will be dedicated to maintaining high quality neighborhood elementary schools.
- Funds may be used to support programs designed to maximize enrollment in under-enrolled neighborhood schools, such as magnet programs.

Definition of Purposes *continued*

Art and Music Enrichment Programs

- Defined % of funds will be dedicated to maintaining art and music programs as integral subjects of the curriculum.
- Funds may be used to support highly qualified visual and performing arts professionals, supplies, equipment and facilities.

Secondary School Choice Initiative and AP Courses

- Defined % of funds will be dedicated to maintaining our AP Courses and to supporting the secondary school choice initiative to create different educational pathways to careers and college.
- Funds may be used to support secondary reform.

Definition of Purposes *continued*

Programs to Close the Achievement Gap

- Defined % of funds will be dedicated to supporting programs which are specifically designed to close the achievement gap.
- Funds may be used to support professional development for teachers and staff to accomplish district-wide learning initiatives and to provide targeted intervention and support.

Counseling Support

- Defined % of funds will be dedicated to providing a lower and more effective ratio of students to counselors than is currently funded by the State.

Definition of Purposes *continued*

High School Athletic Programs

- Defined % of funds will be dedicated to maintaining high school athletic programs.
- Funds may be used to support stipends for athletic coaches, transportation costs for athletic events, equipment and other operational costs.

Alameda Charter Students:

- Defined % of funds will be dedicated to supporting Alameda students in Alameda's public charter schools in existence at the approval of this Measure.
- Revenue will be annually distributed to charter schools in proportion to each charter's enrollment of Alameda resident students.

Definition of Purposes *continued*

Adult Education

- Defined % of funds will be dedicated to supporting the Alameda Adult School to provide lifelong educational opportunities and services for adult learners.

Attract and Retain Excellent Teachers

- Defined % of funds will be dedicated to attracting and retaining highly qualified and excellent teachers.

Technology

- Defined % of funds will be dedicated annually to providing and maintaining technology at all sites.

Accountability Provisions

Fiscal Transparency & Management of Parcel Tax Fund

- 1½% of Revenues will be used to implement accountability provisions, pay for fees and costs incurred in collecting the tax and manage the parcel tax fund to ensure effective use of funds in compliance with the Measure.
- Similar to Berkeley's parcel tax which withholds 2% for these purposes.

Separate Account

- Proceeds from the tax will be deposited into an account which is separate and apart from other accounts in the District and applied only to the respective purposes in the percentages specified.

Accountability Provisions *continued*

Financial Oversight

- District will provide the Board and community with updated revenue and expenditure reports in at least three reports each fiscal year.
- Before adopting the budget, the Board will receive a report recommending expenditures for the next fiscal year.
- Board will receive an interim report concurrently with one or more of the State-required interim reports.
- Board will receive an annual report on the Measure (“Annual Report”) which will display the revenues generated by the Measure, the expenditures of the revenues and a report on the status of projects funded by the revenues.

Accountability Provisions *continued*

Oversight Committee

- A District-wide Oversight Committee, composed of parents/guardians, staff members, students, and community members representing all school sites, will be established to be advisory to the District.
- The Committee will review the annual expenditures to ensure compliance with the terms of the Measure.

Independent Auditor's Report and Audit Committee

- Annual audit by an independent auditor to determine that funds generated by the Measure have been allocated and expended in compliance with the provisions of the Measure.

Severe Fiscal Emergency and Changed Condition of Funding

- Necessary terms to plan for contingencies in the event the State changes its funding levels.
- District may fund approved programs at amounts other than the stated percentages in cases of severe fiscal emergency or changed conditions of state funding.
- Severe fiscal emergency may be declared when the District's Financial Report is either "Qualified" or "Negative," as determined by the County or the County disapproves of the District's budget.
- Even in cases of emergency or changed funding conditions, revenues will only be used for purposes stated in Measure.

Addendum

Addendum

Definitions:

- **“Building”** is defined as any structure having a roof supported by columns or by walls and designed for the shelter or housing of any person or property of any kind. The word “building” includes the word “structure.”
- **“Available Revenues”** shall mean the amount of money provided by this Measure after deduction of 1½% of revenues to pay for: the cost of the parcel tax election, authorized collection charges by the county or city for collection of the tax, payment of necessary fees and expenses to administer the District’s parcel tax, and costs to implement accountability provisions to ensure fiscal transparency, support the Oversight Committee and manage the parcel tax fund.

Definition of Purposes of the Measure:

Funds from this Measure may support all costs attendant to providing these services and programs, including operational costs, qualified teachers, staff, instructional materials, and equipment.

- **Small Class Sizes.** Defined % of the Available Revenues of this Measure shall be dedicated annually to maintaining manageable elementary class sizes with student to teacher ratios no greater than 25 to 1 in K-3 classrooms. Revenues from this Measure will support small class sizes in a manner which may not be achieved solely with support from the District’s General Fund.

Addendum

Definition of Purposes of the Measure (cont.)

Neighborhood Elementary Schools. Defined % of the Available Revenues of this Measure shall be dedicated annually to maintaining high quality neighborhood elementary schools. For purposes of this Measure, high quality shall be determined by external measurements, parental choice, and student outcomes. Revenues from this Measure may be used to support programs designed to maximize enrollment in under-enrolled neighborhood schools, such as magnet programs, and which improve the academic proficiency of all students through effective instruction and implementation of a challenging and engaging curriculum as described in the District's Master Plan.

Secondary School Choice Initiative and AP Courses. Defined % of the Available Revenues of this Measure shall be dedicated annually to maintaining Advanced Placement Courses and to supporting the secondary school choice initiative to create different educational pathways to careers and college. Revenues from this Measure may be used to support secondary reform with learning environments which are aligned with student interest and coupled with rigorous, relevant curricula as described in the District's Master Plan.

Art and Music Enrichment Programs. Defined % of the Available Revenues of this Measure shall be dedicated annually to maintaining art and music programs as integral subjects of the curriculum. Revenues from this Measure may be used to support highly qualified visual and performing arts professionals, supplies, equipment and facilities.

Counseling Support. Defined % of the Available Revenues of this Measure shall be dedicated annually to providing a lower and more effective ratio of students to counselors than is currently funded by the State's allocation of funds for counselors.

Addendum

Definition of Purposes of the Measure (cont.)

Programs to Close the Achievement Gap. Defined % of the Available Revenues of this Measure shall be dedicated annually to supporting programs which are specifically designed to close the achievement gap. Revenues from this Measure may be used to support professional development for teachers and staff to accomplish district-wide learning initiatives and to provide targeted intervention and support.

High School Athletic Programs. Defined % of the Available Revenues of this Measure shall be dedicated annually to maintaining high school athletic programs. Revenues from this Measure may be used to support stipends for athletic coaches, transportation costs for athletic events, equipment and other operational costs.

Adult Education. Defined % of the Available Revenues of this Measure shall be dedicated annually to supporting the Alameda Adult School to provide lifelong educational opportunities and services for adult learners.

Attract and Retain Excellent Teachers. Defined % of the Available Revenues of this Measure shall be dedicated annually to attract and retain highly qualified teachers.

Alameda Charter Students. Defined % of the Available Revenues of this Measure shall be dedicated annually to supporting Alameda students in Alameda's public charter schools in existence at the approval of this Measure. This revenue shall be annually distributed to existing charter schools in proportion to each charter's enrollment of Alameda resident students.

Addendum

Full Text of Accountability Provisions

Fiscal Transparency & Management of Parcel Tax Fund. One and one-half (1½%) of the Measure's Revenues will be used to implement accountability provisions and manage the parcel tax fund to ensure effective use of funds in compliance with the Measure.

Separate Account. Proceeds from the Measure will be deposited into an account which is separate and apart from other accounts in the District and applied only to the respective purposes in the percentages specified.

Oversight Committee. A District-wide Oversight Committee, composed of parents/guardians, staff members, students, and community members representing all school sites, will be established to be advisory to the District. The Committee shall annually review District compliance with the terms of the Measure.

Financial Oversight. District will provide the Board of Education and the general public updated revenue and expenditure reports of the proceeds of this Measure in at least three reports each fiscal year: a report recommending expenditures for the next fiscal year which shall occur before adoption of the District's annual budget; at least one report concurrently with one or more of the State-required interim reports; and an annual report on the Measure ("Annual Report"). The Annual Report will display the revenues generated by the Measure, the expenditures of the revenues and a report on the status of projects funded by the revenues. This report shall be organized to display clearly how the expenditures relate to the purposes of the Measure.

Addendum

Full Text of Accountability Provisions (cont.)

Independent Auditor's Report and Audit Committee. District shall provide an annual audit by an independent auditor to determine that funds generated by the Measure have been allocated and expended in compliance with the provisions of the Measure.

Full Text of “Severe Fiscal Emergency” and “Changed Conditions”

The District may fund approved programs at amounts other than the stated percentages in cases of severe fiscal emergency or changed conditions of state funding of Alameda’s public schools. In no event shall revenues of the Measure be used for purposes other than those stated herein.

“**Severe Fiscal Emergency**” may be declared by a majority of the Board when the emergency is the result of financial events which are out of the control of the Board; and either (a) the District’s Interim Financial Report is “Qualified” or “Negative” pursuant to AB 1200 and AB 2756 and the Alameda County Office of Education concurs with this determination; or (b) the Alameda County Office of Education has disapproved the District’s annual budget.

Addendum

Full Text of “Severe Fiscal Emergency” and “Changed Conditions” (cont.)

“**Changed Conditions**” of state funding may be declared when the State of California fails to provide funding for programs supported by this Measure at the 2010-2011 levels of funding, including the receipt of the statutory cost of living adjustment, such that the changed conditions increase the cost of providing the programs supported by this Measure. Changed conditions may also be declared in the event the State of California funds programs supported by this Measure at levels other than 2010-2011 funding levels such that supplemental parcel tax funds are no longer required to maintain the program and the Board may reapportion revenues to the remaining programs supported by this Measure.