

TO: PIEDMONT UNIFIED SCHOOL DISTRICT BOARD OF EDUCATION
FROM: SCHOOL SUPPORT TAX ADVISORY SUBCOMMITTEE
SUBJECT: REPORT AND RECOMMENDATIONS FOR MEASURE A TAX LEVY FOR 2019-20
DATE: June 12, 2019

Executive Summary and Recommendation

The School Support Tax Advisory Subcommittee recommends that the District levy the Measure A School Support Tax (Parcel Tax) at its maximum level in 2019-20, including assessment of the maximum 2% increase above the rate in 2018-19. The 2% increase, if adopted by the Board, is expected to yield the District an additional \$207,433 in revenue, for a total expected amount of \$10,602,574. (Assumes a base School Support Tax amount for the prior year of \$10,395,141 as reflected in the PUSD Second Interim Budget for 2018-19; actual tax revenue realized could vary, as it has in past years). On a per parcel basis, this increase would add \$53 to the current per parcel levy of \$2,656, making the total tax levy per parcel \$2,709 for 2019-20.

Further, based on Staff's projections of the Ending General Fund Balance and Reserves for this fiscal year and the next two fiscal years out to 2020-21, the subcommittee recommends that the entire additional revenue raised by the recommended 2% increase in the School Support Tax be put into the **General Fund**.

Basis of the Subcommittee's Recommendation

As it was charged, this Subcommittee reviewed the District's budget for 2018-19 and the Multiyear Projection Report which contained budgets for 2019-20 and 2020-21, presented at the Second Interim Budget presentation to the Board on March 13, 2019 (attached as Exhibit A). As you can see from projected budgets in 2019-20 and 2020-21, the district is expected to have \$70,397 above the 3% minimum Reserve in 2019-20 even with the parcel tax increase factored into the forecast.

The major factors contributing to this deficit are a slight decline in enrollment, and increases to CalSTRS and CalPERS "employer" contributions totaling \$796,500 per year in 2019-20 and an additional increase of \$426,435 per year in 2020-21.

Current average teaching salary is \$77,339 per year. Salaries for teachers and staff were increased by 3.0% in fiscal 2018-19.

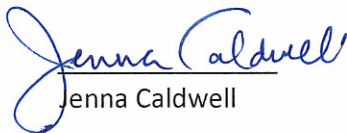
Without the increase, the Board and Staff would have to make program cuts to cover the projected operating deficit. However, Measure A, when it was passed by a 76% - 24% margin, was clear in its stated goal of maintaining the “quality of Piedmont’s schools, to attract and retain qualified teachers, to protect programs in math, science and technology...”. The 2% increase in the tax levy allowed for in the Measure was designed to help ensure that the District would have the fiscal means to maintain this excellence.

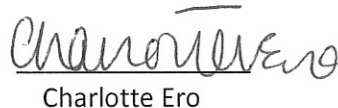
Conclusion

On the basis of the current budget projections, consistent with the goal of Measure A to “maintain the quality of Piedmont’s schools”, **this Subcommittee recommends that the Board implement the School Support Tax for 2019-2020 at the current level *increased* by the full 2% increase in the tax levy allowed for under Measure A.**

Respectfully submitted,

School Support Tax Advisory Subcommittee, 2019-20


Jenna Caldwell


Charlotte Ero


Gina Lambright

Attachments:

Exhibit A: Second Interim Budget 2018-19, MYP, presentation to the Board on March 13, 2019

Exhibit A

PIEDMONT UNIFIED SCHOOL DISTRICT 2018-2019 BUDGET - GENERAL FUND 01 MULTI-YEAR PROJECTION REPORT Governor's Proposal - Budget Update

BUDGET	2nd Interim 03/13/19		2019-20 Projected Budget		2020-21 Projected Budget
A) REVENUES:					
LOCAL CONTROL FUNDING FORMULA	21,639,160	2.58%	22,197,511	0.72%	22,356,952
FEDERAL REVENUES	632,144		632,144		632,144
STATE REVENUES (excludes STRS on-behalf)	1,493,210	-35.37%	965,124	2.86%	992,727
STATE REVENUES STRS on-behalf	1,285,432		1,285,432		1,285,432
PARCEL TAX REVENUE	10,395,141	2.00%	10,603,044	2.00%	10,815,105
LOCAL REVENUES	4,128,959		4,428,959		4,428,959
TRFS APPORT FR DISTRICTS (SELPA)	1,123,199	2.57%	1,152,065	2.67%	1,182,825
TRANSFER IN FROM PARCEL TAX RESERVE	197,548		-		-
TOTAL REVENUES:	40,894,793		41,264,279		41,694,144
B) EXPENDITURES:					
CERTIFICATED SALARIES	18,232,881	-0.34%	18,171,458	1.50%	18,444,030
CLASSIFIED SALARIES	5,764,265	0.38%	5,785,909	1.50%	5,872,698
EMPLOYEE BENEFITS	9,131,477	8.72%	9,927,977	4.30%	10,354,412
STRS OnBehalf Payment	1,285,432		1,285,432		1,285,432
POST EMPLOYMENT BENEFITS	395,000		395,000		395,000
BOOKS AND SUPPLIES	1,760,683	2.57%	1,225,650	2.67%	1,258,375
SERVICES/OPERATING EXPENDITURES	5,107,257	-10.48%	4,571,809	2.67%	4,693,876
OTHER REDUCTIONS - TBD	-		-		(460,000)
TRANSFER TO CAPITAL FAC.	30,000		30,000		30,000
TRANSFER TO DEFERRED MAINT.	20,000		20,000		20,000
DIRECT SUPPORT/INDIRECT COSTS-ADULT ED.	(120,000)		(120,000)		(120,000)
DIRECT SUPPORT/INDIRECT COSTS-CAFETERIA	(25,000)		(25,000)		(25,000)
TOTAL EXPENDITURES:	41,581,995		41,268,235		41,748,823
C) NET INCREASE (DECREASE)					
IN FUND BALANCE (A-B)	(687,202)		(3,956)		(54,679)
D) FUND BALANCE, RESERVES					
BEGINNING BALANCE	2,038,836		1,337,400		1,333,444
ADJUSTMENT TO BEG. BALANCE	(14,234)				
NET BEGINNING BALANCE	2,024,602		1,337,400		1,333,444
E) ENDING BALANCE JUNE 30	1,337,400		1,333,444		1,278,765

COMPONENTS OF ENDING BALANCE:

a) Reserved Amounts:				
Revolving Cash	25,000		25,000	25,000
b) Designated Amounts:				
Economic Uncertainties - 3%	1,247,460		1,238,047	1,252,465
Additional Reserve / Deficit	64,940		70,397	1,301
Reserve %:	3.22%		3.23%	3.06%

Assumptions:

COLA		2.57%		2.67%
Enrollment	2,601		2,544	2,506
ADA	2525.57	-55.35	2470.22	2433.33
ADA as % of Enrollment	0.971		0.97	0.97