

PIEDMONT UNIFIED SCHOOL DISTRICT

M E M O R A N D U M

TO: Board of Education
FROM: Randall Booker, Superintendent
DATE: June 26, 2019
RE: **SCHOOL SUPPORT TAX**

I. **SUPPORT INFORMATION**

The Board will convene the second of two (2) public hearings—June 12, 2019 and June 26, 2019—and adopt the two subsequent Board Resolutions that authorize both the renewal of a qualified special tax and a second qualified special tax for voter approval on November 5, 2019.

The Board of Education has previously discussed this topic on October 24, 2018 and January 9, April 24, May 8, May 22, and June 12, 2019.

Since the passage of Proposition 13 in 1978, the Piedmont community has conducted a series of successful annual fundraising campaigns to save school programs threatened by cutbacks in state funds. Recognizing that the community could not sustain annual fundraising campaigns forever, the community identified the school support tax authorization as a means for Piedmont to maintain a measure of local control to preserve excellence in Piedmont's public schools. In 1985, the first parcel tax was passed. To date, Piedmont residents have approved Parcel Taxes eight times to preserve and maintain important educational programs and services in the schools.

Current Support Tax: Measure A

On March 5, 2013, citizens approved the current School Support Tax, which is in effect until June 30, 2021. Measure A superseded and replaced the Measure B Parcel Tax, which was set to expire on June 30, 2014. Measure A was a renewal of Measure B and maintained Piedmont's excellent quality of public education by attracting, training and retaining qualified teachers, maintaining small class sizes, and protecting instructional programs and services, including art and music, world language, advanced placement, school libraries, classroom technology and student counseling.

Measure A currently raises \$10,414,176 to support Piedmont Schools.

- \$2,656 per parcel

- 3921 taxable parcels in Piedmont

Earlier parcel taxes had a tax rate that varied relative to the size of the parcel. However, due to a decision in the California Court of Appeals, *Borikas v. Alameda Unified School District*, Measure A provided for a uniform flat tax rate that applies to every property. Measure A currently allows for an annual increase in the levy rate of no more than 2% above the previous rate.

Tax Structure

Prior to 2013 and PUSD's Measure A School Support Tax, the District's parcel tax was based on varying parcel sizes. In response to a successful legal challenge against Alameda USD, which levied different rates on residential vs. commercial properties, in 2013 Piedmont changed the structure of its tax to a flat tax (the most common structure of a parcel tax).

Three years after Piedmont passed its flat tax to conform with common interpretation of the law, Alameda voters approved a new school parcel tax that levies ALL parcels at a per building square foot rate, eliminating the differing rates for commercial and residential properties, and capping the amount of the tax. A new lawsuit was filed claiming that this structure was not uniform because of the cap and because parcels without buildings would pay no tax. Last May (2018), Alameda's measure was found to be valid and Berkeley, Emeryville, Dublin, and West Contra Costa voters approved parcel taxes based on building square footage that have not been challenged.

Polling

The Board of Education began public discussions on the School Support Tax renewal on January 4, 2019 at a public Board of Education Meeting. Additionally, at the Board's request, True North Research conducted a community poll that gauged voter's interest in supporting the renewal of the PUSD School Support Tax.

True North Research is a full-service survey research firm that is dedicated to providing public agencies with a clear understanding of the values, perceptions, priorities and concerns of their residents and voters. Through designing and implementing scientific surveys, focus groups and one-on-one interviews, as well as expert interpretation of the findings, True North helps school districts and other public agencies make strategic planning decisions.

The primary purpose of this study was to produce an unbiased, statistically reliable evaluation of voters' interest in supporting the renewal of the District's School Support Tax. Additionally, should the District decide to move forward with a renewal measure, the survey data provides guidance as to how to structure a measure so that it is consistent with the community's priorities and expressed needs. Specifically, the survey was designed to:

- Gauge current, baseline support for a local school support tax to maintain Piedmont’s excellent quality of public education by attracting, training and retaining qualified teachers and classified staff, maintaining small class sizes, and protecting instructional programs and services, including art and music, world language, advanced placement, school libraries, classroom technology and student counseling.
- Identify the types of programs and services that voters are most interested in funding, should the measure pass
- Expose voters to arguments in favor of—and against—the proposed school support tax to gauge how information affects support for the measure, *and*
- Estimate support for the measure once voters are presented with the types of information they will likely be exposed to during the election cycle.

True North Research presented its findings at the April 24, 2019 Board of Education Meeting. The public can review the presentation slide deck by clicking on the following link:

https://drive.google.com/open?id=1tv_-s2Pd-svGTo0Gn07uwr4TD5xqG0r

True North Research implemented a “mixed-method” polling approach to 305 District voters likely to participate in the November 2020 election. This poll targeted a split sample to test flat-rate vs. square footage tax structures.

The poll asked likely voters to respond to a ballot test question around either a flat rate measure or a square footage measure:

Both questions began with the following:

In order to:

- Protect the quality of education in Piedmont schools
- Continue funding comprehensive programs in math, science, technology, engineering, English, music and arts
- Maintain smaller class sizes
- And attract and retain highly qualified teachers

Half the respondents were asked the following: Flat Rate - Shall the Piedmont Unified School District measure to renew its expiring parcel tax at an annual rate of \$3,056 be approved for 7 years, providing 12 million dollars annually in dedicated funding for our schools, with independent citizen oversight and all money staying local?

or

The other half were asked the following: Square Foot Rate - Shall the Piedmont Unified School District measure to renew its expiring parcel tax at an annual rate of \$1.25 per square foot for taxable buildings be approved for 7 years, providing 12 million dollars annually in dedicated funding for our schools, with independent citizen oversight and all money staying local?

True North Research concluded their presentation with the following “key conclusions”:

Is a parcel tax measure feasible? Yes.

- *Voters perceive that maintaining the quality education in Piedmont Schools is the most important issue facing the community by a large margin.*
- *Solid natural support for a measure (73%/74%).*
- *Popular programs and services*
- *Strong positive arguments.*

Additional observations:

- *Support is similar across November '19, March '20 and November '20 electorates.*
- *More tax sensitivity for flat rate / less tax rate sensitivity for square footage version.*

Recommendation for 2 Measures on the November 2019 Ballot

Given the recent poll results and Piedmont’s current educational needs, District staff recommends that the Board of Education consider asking voters to support the renewal of its existing parcel tax to maintain current programs at the \$2,763 flat rate (“Measure A”) and in a separate measure (“Measure B”) asking voters for an additional amount (\$0.25 per building square foot) to ensure that Piedmont schools will be better able to attract and retain highly qualified teachers and educational support staff.

Renewing the existing parcel tax (“Measure A”) would secure \$10.8 million in revenues. Measure A is a continuation, no tax increase measure. We would also recommend an 8-year “duration” of the tax to provide a stable ongoing source of revenue to the District and fulfill the description as a pure continuation of what is in place today.

Additionally, we recommend that a second measure (“Measure B”) be placed on the ballot. This second measure would be set at \$0.25 per building square foot and would also have an 8-year duration. Passage of Measure B would result in an additional \$2.6 million to the Piedmont schools. Importantly, the entire community would share the burden of an increased tax (although larger properties would pay more and smaller properties less - \$139 per year for the smallest residential parcel). An added benefit is that if this tax were challenged from a legal standpoint, only the supplemental tax would be at legal risk.

If both measures pass, the smallest square foot homeowner would pay \$2,763 per year, and the largest square foot homeowner would pay \$9,172 per year. Together, both measures would raise \$13.4 million.

# of parcels	Square Feet of improved property	% of parcels	Measure A \$2,763	Measure B @ 0.25 per sq/ft	A+B (total tax)
104	0/vacant	2.6%	\$2,763	\$0	\$2,763
25	557-1,000	0.6%	\$2,763	\$139 - \$250	\$2,902 - \$3,013
1098	1,001-2,000	27.9%	\$2,763	\$250 - \$500	\$3,013 - \$3,263
1528	2,001-3,000	38.8%	\$2,763	\$500 - \$750	\$3,263 - \$3,874
707	3,001-4,000	17.9%	\$2,763	\$750 - \$1,000	\$3,874 - \$3,763
267	4,001-5,000	6.7%	\$2,763	\$1,000 - \$1,250	\$3,763 - \$4,013
99	5,001-6,000	2.5%	\$2,763	\$1,250 - \$1,500	\$4,013 - \$4,263
38	6,001-7,000	1.0%	\$2,763	\$1,500 - \$1,750	\$4,263 - \$4,513
19	7,001-8,000	0.5%	\$2,763	\$1,750 - \$2,000	\$4,513 - \$4,763
19	8,001-9,000	0.5%	\$2,763	\$2,000 - \$2,250	\$4,763 - \$5,013
8	9,001-10,000	0.2%	\$2,763	\$2,250 - \$2,500	\$5,013 - \$5,263
21	10,001-15,650	0.3%	\$2,763	\$2,500 - \$3,912	\$5,263 - \$6,675
1	25,635 (apartment)	<0.1%	\$2,763	\$6,409	\$9,172

II. RECOMMENDATION: REVIEW AND ACTION

After convening the second of two (2) public hearings—June 12, 2019 and June 26, 2019, District staff recommends that the Board adopt the two subsequent Board Resolutions (Measure A & B) that authorize both the renewal of a qualified special tax and a second qualified special tax for voter approval on November 5, 2019.