

Pacific Grove Unified School District
Parcel Tax Measure A
Oversight Committee Report
2004-2005

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I. Introduction

In reaction to a state budget crisis that would have had very serious and lasting consequences on the Pacific Grove School District budget, the School Board decided to present a Parcel Tax measure on the November 2003 ballot.

The revenues generated by the Parcel Tax were to compensate the loss of basic aid funding and basic aid categorical funding among others.

The Parcel Tax measure, referred to as Measure A, read as follow:

“To preserve the educational quality of our schools in the face of Statewide budget cuts, to maintain small class sizes, to enhance campus maintenance and student safety, and to improve programs including but not limited to science, music, libraries, and athletics, shall Pacific Grove Unified School District levy a tax of \$35 per parcel for 5 years so long as no money is used for administrative salaries, and a citizens oversight committee is established?”

The Parcel Tax was approved by 72% of the voters. It was levied for the first time during the Fiscal Year 2004-2005 and will run until the Fiscal Year 2008-2009.

As required by the language of the Parcel Tax, a citizens oversight committee has been formed. The task of this committee is to verify that the items funded by the Parcel Tax meet its criteria.

II. Projected Budget

II A. Revenues

According to the original language of the Parcel Tax, all parcels, defined as a unit of land within the boundaries of the School District that receives a separate tax bill from the Monterey County Collector, are subject to the Parcel Tax. There are 9,337 such parcels in the Pacific Grove School District, for a *potential maximum revenue* of \$326,795.00 each Fiscal Year.

During this Fiscal Year, it was brought to the School Board attention that 1,508 parcels were actually artificially created by 29 timeshare condominiums.

After consulting the District financial advisor and the legal counsel, the School Board agreed to the following revised interpretation of the language of the Parcel Tax:

“a Parcel Tax shall be defined as a unit of land in the District that receives a separate tax bill from the Monterey County Collector. Provided, however, a timeshare facility within the District, where each interval owner receives a separate tax bill from the Monterey County Tax Collector shall be annually assessed on a per-residential-unit-basis only, chargeable to the timeshare facility,”

This revision, though necessary, will result in a loss of revenue from 1,479 parcels. This amounts to \$51,765 each Fiscal Year, starting in 2005-2006.

II B. Expenses

In order to maximize the chances of success, the School District enrolled the services of a legal adviser and those of a financial advisor.

Their fees are fixed and amount to:

1. legal fees:
\$ 7,500.00 / year for 2 years
2. financial fees:
\$15,000.00 / year for 5 years.

Therefore the *maximal disposable income* from the Parcel Tax is \$304,295.00 for the Fiscal Year 2004/2005 and \$ 252,530.00 thereafter.

III. Measure A, Fiscal Year 2004/2005

III A. Projected budget

As the District was preparing the budget, the School Board heard and reviewed the staff and parents inputs and recommendations on how to best spend the revenues of the Parcel Tax. The School Board voted to spend most of this year Parcel Tax revenue on items previously funded by the general fund in 2002 /2003 but eliminated from the current budget. These items are designated by a (*).

| Expenditures | Estimated Costs |
|---|---------------------|
| Legal Services | \$7,500.00 |
| Financial Advisor Fees | \$15,000.00 |
| 2 Sections MS and 5 Sections HS (*) | \$105,000.00 |
| 1 Elementary Teacher | \$65,000.00 |
| 5 H. Comp. Lab. Aide HS | \$22,000.00 |
| 2 H. Comp. Lab. Aide MS (*) | \$4,000.00 |
| 2 Elementary Library Manager Position (*) | \$14,000.00 |
| HS Athletic Stipends (*) | \$10,000.00 |
| Music Program (*) | \$19,000.00 |
| Site Instructional Allocation (*) | \$17,000.00 |
| Technology Allocation (*) | \$32,500.00 |
| Summer Maintenance (*) | \$10,000.00 |
| Reserve | \$5,000.00 |
| Total | \$326,000.00 |

III B. Actual budget

As of June 30, 2005 (end of the District Fiscal Year), the total revenues received from the Parcel Tax amount to \$311,701.26. The actual cost of the items financed by the Parcel Tax are as follow:

| Expenditures | Actual cost |
|---|---------------------|
| Legal services | \$7,500.00 |
| financial advisor fees | \$15,000.00 |
| 2 sections at PGMS | \$30,071.00 |
| 5 sections at PGHS | \$72,202.00 |
| 1 elementary teacher RHD | \$77,291.00 |
| 5 H. Comp. Lab. Aid HS | \$9,175.00 |
| 2 H. Comp Lab. Aid MS | \$5,200.00 |
| 2 Elementary Library Manager Positions RHD FG | \$9,676.00 |
| HS Athletics stipends | \$10,022.00 |
| Music Program DW | \$19,007.00 |
| Site Instructional Allocation DW | \$17,000.00 |
| Technology allocation DW | \$31,838.00 |
| Summer Maintenance DW | \$5,043.00 |
| Total | \$309,025.00 |

These items can be organized in 3 categories:

- III B 1. fixed costs
- III B 2. compensations
- III B 3. Instructional Supplies

III B 1. The fixed costs

The fixed costs were discussed earlier. They represent approximately 7% of the Parcel Tax income.

III B 2. The compensations

The compensations represent almost 72% of the items funded by the Parcel Tax. 98% of the compensations are dedicated to teachers, aids and library managers.

1 new teacher, as well as 1 aide, were hired and some teachers saw their hours extended, as new sections were added. All sports stipends were restored to full funding and a new stipend has been added for wrestling. The 2 elementary library manager positions have been brought back to their original funding. The compensations are distributed between the District schools as follow:

| School | Amount |
|----------------------|---------------------|
| Forest Grove Elem. | \$4,838.00 |
| Robert H. Down Elem. | \$82,129.00 |
| PG Middle School | \$35,271.00 |
| PG High School | \$91,399.00 |
| Total | \$213,637.00 |

III B 3. Instructional Supplies

III B 3. a. Music program

The \$19,000.00 allocated to the District music program were used mostly to buy new instruments, new choral risers, small accessories, as well as sheet music. In annex is the extended list of all purchases.

The items are distributed between the schools as follow:

| School | Amount |
|----------------------|--------------------|
| Forest Grove Elem. | \$0.00 |
| Robert H. Down Elem. | \$1,397.47 |
| PG Middle School | \$8,413.09 |
| PG High School | \$9,196.66 |
| Total | \$19,007.22 |

III B 3. b. Technology allocation

The \$32,000.00 earmarked for technology were spent on internet services, computers, printers and software. The items purchased are listed in annex.

The T1 lines provide internet services to both elementary schools as well as the high school. The hardware and software purchases benefit each site as follow:

| School | Amount |
|-------------------|-------------|
| Forest Grove | \$10,300.00 |
| Robert H. Down | \$8,350.00 |
| PG Middle School | \$4,300.00 |
| PG Community High | \$4,550.00 |
| PG High School | \$1,050.00 |
| Total | \$28,550.00 |

III B 3. c. Site Instructional allocation

\$17,000 designated for site instructional allocation were spent on classroom supplies. Each school site has been credited of a percentage based on enrollment. The use of this money has been left to the discretion of each school site.

IV. Conclusion

The oversight committee has thoroughly reviewed all expenses and invoices relevant to the Parcel Tax. All members certify that all items funded by the Parcel Tax revenues conform to the language of the Measure A.

Given the fact that the Parcel Tax revenues will disappear in three years, the committee makes the following recommendations to the board:

1. In order to maintain the programs funded by the Parcel Tax, one third of the costs should be incorporated into the general fund each of the remaining years.
2. We urge the board to redirect the balance of the Measure A funds towards programs prioritized in the parcel tax language, including “student safety and campus maintenance” instead of annual operating expenses such as T1 internet line fees. Although new computers and musical instruments were purchased, the bulk of the revenues was spent on compensations. We urge the funding of longer term supplies or capital improvement projects during the remaining 3 years, thus allowing the community to see, touch, and feel the benefits of the Measure A long after its fiscal life.

V. Annex

1. Legal advisor invoice
2. Financial advisor invoice
3. Staffing
4. Music program expenditures
5. Technology allocation expenditures