



Parcel Tax Blue Ribbon Committee Consensus Report May 4, 2022

Preamble

We came together at the invitation of the Novato Unified School District to serve as the Parcel Tax Blue Ribbon Committee. Over the course of four meetings held on Wednesday evenings from April 13 to May 4, 2022, topics covered were: school funding and the district's budget, an introduction to parcel taxes and the district's history with parcel taxes, voter survey research, and our consensus. The 69 participants live and/or work in the community, and many are or were at one time, parents, teachers, staff, and/or students. Collectively, we dedicated over 800 hours to learning about how schools are funded and coming to consensus. This report describes how our Committee came together, what was learned and discussed, and the consensus reached from our efforts.

Meeting Format

At each Committee meeting, participants studied the issues, shared thoughts in discussion groups, and came back to the Committee to report out their discussions. Question cards were provided to allow for participants to submit questions that were then addressed at the beginning of the next meeting by the appropriate district staff member. This report reflects what the Committee agreed upon.

The Committee divided its working time into meeting with all participants together, and meeting in smaller discussion focus groups called:

- Art and Music
- Athletic Programs
- Career Technical Education
- Libraries
- Math and Science
- Mental Health Counseling
- Reading and Writing
- Technology for Students

Some Committee members also participated in optional opportunities to tour schools within the district.

What We Learned

Each of our four meetings had a main area of focus. The first meeting focused on school funding and the district's budget, the second on an introduction to parcel taxes and the district's history with parcel taxes, the third on public information research, and the fourth, the development of our consensus report.

I. School Funding and the district's Budget

Our first meeting was an introduction to school funding and the district's budget.

We learned:

- Over 70% of the district's budget is determined by the state's Local Control Funding Formula (LCFF)
 - 92% of districts in California are dependent on LCFF to cover basic funding
 - However, most districts in Marin do not rely on or receive LCFF
 - NUSD is not basic aid / community funded, so LCFF includes significant state funding
 - As an LCFF district, NUSD is guaranteed a certain amount per student based on attendance
 - 16 out of 18 Marin County districts are basic aid and based on higher total local property taxes leading to the funding discrepancy among districts in Marin
 - LCFF is based on average daily attendance, not enrollment, and is adjusted annually by a cost-of-living adjustment (COLA) set by the state
 - NUSD receives the lowest general fund revenue per student in Marin and has the largest enrollment
- Most federal and other state funding sources are restricted to specific purposes, and include both ongoing and one-time funding sources
- Other local funding sources include parcel taxes, donations, rentals, bonds and interest
- Expenditures in the fiscal year 2021-22 budget:
 - Certificated salaries: 42.3%
 - E.g., teachers, administrators, academic guidance counselors, etc.
 - Supplies, services, and capital outlay: 15.0%
 - Classified salaries: 14.8%
 - All non-teaching staff
 - Pensions: 14.7%
 - Benefits (other than pensions): 10.5%
 - Other: 2.7%

- Fiscal year 2021-22 parcel tax revenues budgeted at \$4 million, for:
 - Teachers: \$1,367,623
 - Academic Guidance Counselors: \$802,000
 - Athletics: \$778,000
 - Music: \$539,000
 - Library personnel: \$524,000
 - Library personnel are currently funded completely by the parcel tax
- Benefits achieved by parcel tax
 - Increased property value
 - Increased support for college and career planning
 - Access to arts and athletic experiences
 - Library open to all students
- Challenges facing the district's budget:
 - Current parcel tax expires on June 30, 2023
 - Enrollment has declined 7% from 7,701 in 2015-16 to 7,164 in 2021-22
 - Contributions to California state Teachers' Retirement System (STRS) and Public Employees' Retirement System (PERS) have increased from 8.25% (\$2,948,896) and 11.442% (\$1,094,926), respectively in 2013-14, to an expected 19.10% (\$29,575,288) and 27.10% (\$9,390,942) in 2023-24, respectively

II. Introduction to Parcel Taxes and the district's History with Local Support for Education

Beyond grants and donations, school districts have four methods to raise local funds per the California state Constitution: general obligation bonds, assessment districts, "Mello-Roos" community facilities districts, and parcel taxes. Of these, only parcel taxes may be utilized for any specific purposes.

We learned:

- Parcel taxes require 2/3 voter approval (66.67%)
- Amount of tax must be uniform (may be lower for unimproved parcels)
- May include an inflation adjustment
- May have any term, including indefinite term (until voted out by voters)
- May include optional exemptions available for 65+, Supplemental Security Income recipients, and Social Security Disability Income recipients
- Require annual reports to the Board
- May include an independent oversight committee
- Between 2008 and 2020:
 - 77% of school parcel tax measures across the state of California with an initial amount of \$201 or more passed
 - 32 of 35 (91%) of school parcel tax measures in Marin County passed
- NUSD has had 8 parcel tax measures since 1985
 - Of these, 5 were successful
 - Since 1992, NUSD has relied on continual parcel tax funding
- Current school parcel tax measures in Marin County:
 - Terms of 5-12 years
 - School parcel tax amounts range between \$212 - \$1,636
 - NUSD parcel tax is currently second lowest in the County
 - 80% are subject to annual inflation adjustments, with caps ranging from 3-6.5%
- Parcel tax revenue has been losing impact for NUSD
 - In 2012-13, parcel tax revenue accounted for 6.99% of salaries, benefits, services, and other operational expenditures
 - This dropped to 4.73% in 2021-22
 - For all expenditures, parcel tax revenue went from contributing 6.56% in 2012-13 to 3.83% in 2021-22
- For the median single family assessed value property in NUSD, the parcel tax was 3% of the total tax bill
- Renters and exempt seniors may also advocate for kids in schools by voting yes

III. Voter Survey Research

A revenue measure feasibility survey of 560 voters was conducted March 7, 2022, through March 13, 2022, and was conducted in a scientific manner; the district also conducted a similar survey in August 2019.

We learned:

- 72.4% of surveyed voters agree that the district needs additional funding; up from 58.6% of those surveyed in August 2019
- About 68.2%, with a margin of error of $\pm 4.1\%$, would vote for a proposed ballot measure for a parcel tax at a rate of \$251 per parcel subject to annual increases and having an indefinite term that may be ended by voters, prior to hearing any additional information
 - Support increased to about 68.4% after hearing additional information, positive arguments, and arguments against
 - Support increased to approximately 69.1% if the parcel tax is limited to 8 years
 - Support increased to approximately 70.3% if the parcel tax is limited to \$251 per parcel with no annual increases
- Surveyed voters prioritized quality academic instruction in core areas such as math, science, reading, and writing, and quality teaching
- Having a source of funding that remains local, has oversight, is not used for administrator salaries, protects property values, and helps NUSD remain competitive were the most favorable arguments supporting a potential parcel tax measure

Conclusion

- The spend per child on education in NUSD at \$12,938 per year is the lowest in Marin County versus the median of \$17,548.
- The current parcel tax in NUSD is the second lowest in Marin County.
- The parcel tax currently pays for 11 teachers, some academic guidance counselors, the libraries, athletics, and music which will be at risk if the parcel tax funding is lost.

IV. Consensus Recommendations

We agreed to report the following from our efforts:

The Board should consider putting a parcel tax measure on the ballot with the following features:

- The amount of the tax should be no less than \$251, alternative amounts were discussed:
 - \$305 is what the 2014 measure of \$251 would be in today's dollars
 - \$336 is what the 2009 measure of \$251 would be in today's dollars
 - \$365 ("\$1 per day")
- The term should be 8 years
- The committee discussed whether there should be an inflation increase
- Provide exemptions as provided in state law
- Maintain having an independent citizens' oversight committee for the parcel tax measure
- Target the November 2022 or March 2023 election

Community Engagement and Information

The district should:

- Provide opportunity for community to learn about public education funding model and NUSD's budget.
- Communicate that on January 25, 2022, NUSD passed a resolution to cut \$4.1 million, end deficit spending, and maintain reserves at 17%
- Facilitate opportunities for Committee members to share what they have learned
- Extend community engagement and information efforts beyond usual audience of parents, students, and staff, including senior citizens, new neighbors, alumni, and underrepresented communities
- Develop an outreach committee to unite the community
- Publicize the fiscal reform efforts by the district over the past two years
 - Address the public's concerns about how the budget was managed
- Highlight what the current parcel tax has provided for students
 - Focus on outcomes and utilize graphics over sharing numbers
 - Highlight what may not be funded if parcel tax is not renewed

- Involve current and former students
 - Demonstrate the successes of the district
 - Student videos
 - Social media
- Provide information on the differences between a general obligation bond measure and a parcel tax
- Provide more opportunities for community members, especially those without kids in district schools, to be at a district site
 - Such as being invited to attend school events as honored neighbors and interested community members
- The district should frame the conversation to compare the proposed parcel tax against existing parcel taxes in other districts.

The Committee recognizes the value of personal and individual interactions for effective sharing of information.

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