

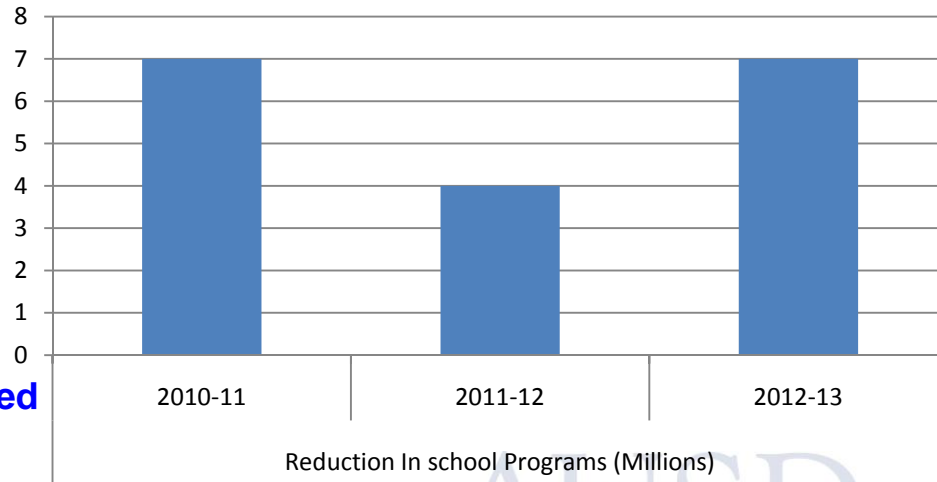
Parcel Tax Structures

Information, September 21, 2010
Superintendent Vital

AUSD Budget Outlook Without a New Parcel Tax

Summary of AUSD Budget Deficit*

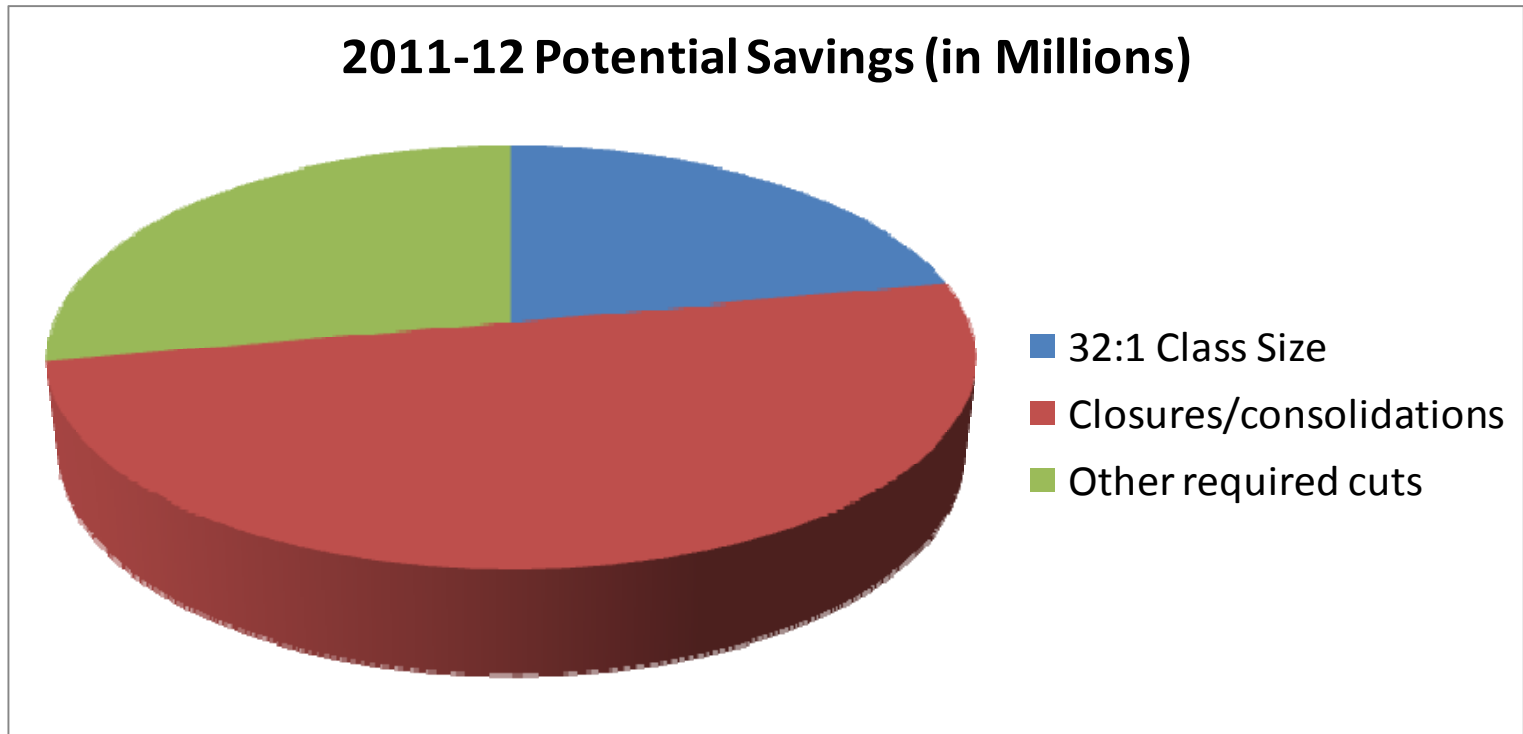
- AUSD is experiencing a structural deficit.
- AUSD is surviving on one-time monies.
 - Parcel taxes from Measure A and H expire in 2012-2013.
 - Temporary categorical funding flexibility from the California Department of Education is set to end in 2012-2013.
- AUSD must still cut \$4 to 5 million in 2011-2012.
- AUSD must cut another \$7 to 8 million in 2012-2013.



*with no state budget yet passed

AUSD Budget Outlook Without a New Parcel Tax

Without a New Parcel Tax, AUSD will need to identify millions more in reductions, even with increasing class size and closing and consolidating schools.



Community Outreach

- AUSD is seeking input on a proposed structure for a new parcel tax which, if successful, would supersede the current parcel taxes.
- Without a new parcel tax, the Board will have no choice but to close schools.
- Process for school closure and consolidation is already underway – community meetings are scheduled for:
 - Sept. 30th: Lincoln Middle School (special meeting)
 - Oct. 12th: City Hall
 - Oct. 21st: Ruby Bridges (special meeting)
- Board will vote to close and consolidate schools at Dec. 14th meeting.

Core Values in Parcel Tax Structure

- Collective Responsibility - Good schools are good for all of Alameda. We have to solve our own funding crisis; the state will not do it for us.
- Reasonable Compromise - Allocation of collective responsibility should represent as reasonable a compromise as possible. Since there are difficult tradeoffs with any structure, complete consensus will be very difficult to achieve.
- Legal Constraints - State law prohibits school districts from raising revenue locally except through a parcel tax or bond measure. Bond funds may only be used for facilities purposes.

Frequently Asked Questions

Parcel Tax Is An Imperfect Tool

Question: Why does the District have to do a parcel tax? Why can't the District approve a tax on parking meters, for example?

Answer: State law only permits the District to raise money for general purposes through a parcel tax. Cities and Counties have more options available to them to raise revenue.

Frequently Asked Questions

Parcel Tax is an Imperfect Tool (cont.)

Question: Why doesn't the District tax buildings and lots such as the downtown movie theater or properties owned by exempt religious entities when those properties are operated for profit?

Answer: A property tax exemption must be maintained by a property owner on an annual basis. When an entity that is exempt from property tax leases property to a non-exempt organization, it must provide that information to the Assessor and the property becomes taxable again.

Frequently Asked Questions

How Does Alameda Compare?

K-3 Class Size

- 4 Districts have smaller class sizes in K
- 3 have smaller classes in grades 1-3
- 3 have the same K-3 class size (25-1) as AUSD
- 4 have larger K-3 class sizes

K-3 Class Size	School Districts
20	Berkeley; Emery
23	Piedmont
25	Castro Valley; Albany; Pleasanton; Alameda
K: 20; 1-3: 25	New Haven
29; 27 for combination classes	Newark
28	San Leandro; San Lorenzo
K: 33; 1-3: 32	Hayward

* Based on data reported by neighboring districts.

Frequently Asked Questions

How Does Alameda Compare? (cont.)

Elementary Teacher Preparation Time

→ Only one other district provides more staffed elementary preparation time.

Staffed Preparation Time Provided to Elementary Teachers (minutes per week)	School Districts
225	Pleasanton
180 (4 periods per week)	Alameda
150	Hayward
112 ½	Fremont
105	San Lorenzo; Albany
80	Newark
60	Emery

* Based on data reported by neighboring districts.

Frequently Asked Questions

How Does Alameda Compare? (cont.)

Length of School Year

→ Only one other District has eliminated 5 student days.

Number of Instructional Days Eliminated	School District
5	Alameda; Newark
3	Pleasanton; San Lorenzo
2	San Leandro
1.5 (taken in minutes not days)	Piedmont
1	Castro Valley
NONE	Albany; Berkeley; Emery; Hayward; Oakland

* Based on data reported by neighboring districts.

Frequently Asked Questions

How Does Alameda Compare? (cont.)

Furlough Days for Teachers

→ **No other District has implemented as many furloughs for their teachers**

→ Although data regarding classified and management furloughs was not as widely available, AUSD's classified and management employees (including the Superintendent) also observed 8 furlough days with a corresponding reduction in salary

Reduction in Work Year for Teachers (with corresponding reduction in salary)	School District
8 (5 student days & 3 non-student days)	Alameda
6	San Lorenzo
5	Piedmont; Pleasanton
3	San Leandro
2	Castro Valley
None	Hayward; Albany; Berkeley; Emery; Oakland

* Based on data reported by neighboring districts.

Frequently Asked Questions

How Does Alameda Compare? (cont.)

AUSD Teacher Salary with Benefits: **5.1% below the
County average**

AUSD Administrators' Salaries with Benefits

Elementary School Principals: **10.4% below the
County average**

Middle School Principals: **9.5% below the
County average**

Frequently Asked Questions

How Does Alameda Compare? (cont.)

Administrators' Salaries with Benefits

High School Principals:	10.6% below the County average
District Office Administrators:	9.3% below the County average
Superintendent:	19.89% below the County average for medium sized districts
	11.97% below the County average for all districts

Frequently Asked Questions

How Does Alameda Compare? (cont.)

Ratio of Administrators to Students

- AUSD has one of the highest ratios of students to administrators
- AUSD is spending money in the classroom, not at District Office

School District	Ratio of Students to Teachers	Ratio of Students to Administrators
New Haven	21.4	403.9
Fremont	21.3	390.5
Alameda	20.0	384.7
Berkeley	17.1	222.5
Castro Valley	21.3	244.1
San Leandro	20.6	240.3
Newark	20.4	239.2
Average for all Districts	20.9	249.1

* All data derived from 2008-2009 Ed-Data at www.ed-data.k12.ca.us

Frequently Asked Questions

How Does Alameda Compare? (cont.)

District-Wide Academic Performance Index

→ AUSD has one of the highest District-wide API scores for medium sized districts in Alameda County

School District	2009-2010 API
Pleasanton	906
Castro Valley Unified	851
Alameda Unified	833
Livermore Unified	822
Berkeley Unified	784
New Haven Unified	777
San Lorenzo	739
San Leandro Unified	729

* All data derived from California Department of Education

Possible Parcel Tax Structures

Structure #1: A flat tax per parcel

Structure #2: A differentiated tax under which parcels are taxed differently based on their use code or on other characteristics (combining one or more of the 4 structures listed here)

Structure #3: A tax based on lot square footage, uncapped or capped

Structure #4: A tax based on building square footage, uncapped or capped

Structures Not Currently Being Considered

Flat Tax

Every taxable parcel pays exactly the same dollar amount regardless of size or use.

Example: AUSD's Measure A: a flat tax per parcel; passed in 2001, increased and passed in 2005

Advantages: simple, familiar, most widely used

Disadvantages:

- requires highest rate on homeowners
- more regressive than some other structures for residential parcels (large homes and multi-family units pay same as small homes)
- more regressive than some other structures for business and commercial parcels (where parcel sizes have even greater variability than within residential; largest nonresidential parcels pay same as smallest)

Structures Not Currently Being Considered (cont.)

Differentiated Tax Based on Use Code

Parcels are taxed differently based on their use code or on other characteristics.

Examples: AUSD's Measure H and E; Albany; Piedmont; Berkeley

Advantages:

- Most flexibility to “fine tune” and thus minimize perceived inequity
- Confirmed as legal and uniform by Judge Burr in AUSD's victory in the litigation challenging Measure H.

Disadvantages:

- Some community members perceive it as inequitable and object to having different groups pay different effective rates.

Structures Currently Being Considered

Lot Square Footage

A tax based on lot square footage or “per parcel square foot”.

Examples: There are no districts that have the same lot square footage rate “across the board,” but this method is used as a component of a differentiated tax for the commercial/industrial portion of Albany’s parcel taxes and of Alameda’s Measure H.

Advantages:

- For business or commercial properties, can be less regressive than a flat tax as parcel size often (but not always) corresponds with business size and revenues
- Ability to use “caps” to mitigate some perceived inequitable allocations

Structures Currently Being Considered

Lot Square Footage (cont.)

Disadvantages:

- For residential, some of Alameda's more expensive houses are on relatively small parcels compared to more affordable housing on larger parcels (e.g., West End generally v. Bayport; parcels along Broadway v. Bay Farm)
- Includes large tax burdens that may be perceived as inequitable for some "outliers" (e.g., marinas, large unimproved parcels, and large businesses in business parks)
- For business and commercial, overall allocation higher than other structures
- Parcel area of condominiums may be difficult to administer

Structures Currently Being Considered

Building Square Footage

A tax based on building square footage.

Examples: Berkeley; West Contra Costa; and Emery

Advantages:

- Least regressive overall, since building size generally corresponds (more closely than parcel size) with affordability for residential and with business size and revenues for nonresidential
- Addresses concerns regarding most anomalous “outliers” (e.g., marinas, underwater parcels, parking lots, etc.)
- Can be done without caps so all pay identical effective rate or with caps to mitigate some perceived inequitable allocations
- Overall allocation of tax burden may be closest to what most regard as equitable allocation

Structures Currently Being Considered

Building Square Footage (cont.)

A tax based on building square footage.

Disadvantages:

- Unfamiliar in Alameda
- Some parcels will see their taxes go up relative to what Measure E proposed

Projected Revenue and Possible Rates

For \$14M, by “per building square foot”

With A Cap of \$9,500: 36.0 cents per bldg. sq. foot

Allocation of Tax Burden: 83% Residential
17% Nonresidential

Without A Cap: 31.7 cents per bldg. sq. foot

Allocation of Tax Burden: 78% Residential
22% Nonresidential