

Measure Y Parcel Tax Oversight Committee San José Unified School District

Committee Members

*Christopher Russell, Chair
Nicole Erb, Vice Chair
Jill Kieslich, Secretary
Catherine Graham
Dan McSweeney
Chazzerrina Pono
Michael Smith*

April 29, 2024

Dear Residents of the San José Unified School District,

On behalf of the Measure Y Parcel Tax Oversight Committee (PTOC or Committee), I am pleased to present the fifth Annual Report on the expenditure of San José Unified School District (SJUSD or District) Measure Y Parcel Tax funds. This report provides an overview of the Measure Y program and PTOC activities for the year ending June 30, 2023 and documents our conclusion that taxpayers' money has been properly expended in accordance with voter-approved purposes.

About Measure Y

Measure Y, which was passed by voters on November 8, 2016 with 67.1% of the vote, authorizes SJUSD to levy a qualified special (parcel) tax beginning on July 1, 2017 and continuing for a period of eight years at the annual rate of \$72 per parcel of taxable real property within the District boundaries, with an exemption available for any parcel that is owner-occupied as the principal residence of one or more senior citizens or certain disabled persons.

Specific purposes for which tax proceeds may be used are outlined in the ballot statement

(<https://sjusd.box.com/s/1vghsdp61tkcbhmhmsskajyfvyan0kg>) as:

- Maintain and improve core academic programming in reading, writing, math, the arts and science;
- Improve programs to prepare students for college and 21st century careers; and
- Attract and retain high performing teachers and educational staff.

Charter schools overseen by the District and who have partnered with the District to educate students living in the District may receive an allocation as determined by the SJUSD Board of Education (Board). Revenue generated by the tax may not be used for District Office administrators' salaries, pensions or benefits. Strict accountability measures, including review by an independent citizens' oversight committee (the PTOC), ensure that funds are used solely for purposes described in the ballot statement.

This tax is anticipated to raise approximately \$5 million in local annual funding for District schools, with the exact amount varying from year-to-year due to changes in the number of exempt parcels. Collection of the tax was initiated during the fiscal year ending June 30, 2018 for use during the fiscal year ending June 30, 2019. Detailed information regarding budgeted and actual expenditures for each of the specific purposes outlined in the ballot statement can be found in prior PTOC Annual Reports

<https://www.sjusd.org/about/advisory-committees-groups/parcel-tax-oversight-committee>

Measure Y Program Status

This report covers the 2023 calendar year. Discrepancies between data for the calendar year, and the fiscal year are to be expected, and will be rectified when the fiscal year closes.

The budgeted and actual expenditures for the fiscal year ending June 30, 2023 were as follows:

Expenditure	Budgeted	Actual	Difference
Employee Retention	11,524,905	10,660,215	864,690
Library Media Tech	348,770	344,802	3,968
Audit	27,484	27,024	460
Total	11,901,159	11,032,041	869,118

Measure Y funds were used in the following areas:

- **Maintain and Improve Core Academic programming** - Measure Y funds were not needed in this area during the fiscal year ending June 30, 2023 as the District received additional Federal and State funds during the COVID-19 pandemic.
- **Improve programs to prepare students for college and 21st century careers** - Measure Y funds provided additional funding to ensure that all school site libraries and college/career centers remained open throughout the school day (Library Media Tech).
- **Attract and retain high performing teachers and educational staff** - Per the Moss Adams Performance Audit: The District paid eligible employees except for District administrators located at the District main office (i.e. locations 850 through 942) for 10 days of sick leave in the form of a retention bonus and any unused sick leave prior to June 30, 2023, per California’s supplemental paid sick leave program. The sick leave payout was based on each employee’s payroll rate at the time of the sick leave payout. The sick leave payout was approved by the Governing Board on February 17, 2022 as part of the tentative agreements with three bargaining units, as well as through the budget adoption that took place on June 30, 2022. Measure Y was only used to fund sick leave payouts for employees who were considered eligible employees under the ballot measure. Per the District, eligible employees belonged to one of the following non-administrator employee group, San Jose Teachers Association (SJTA), American Federation of State, County and Municipal Employees (AFSCME), and California School Employees Association (CSEA) (i.e. pay type codes 151, 161, and 463). Additionally, eligible employees needed to work at an eligible location (i.e. locations 312 through 578). (Employee Retention).
- Auditing Services expenditures funded the annual independent performance audit.

Total tax proceeds of \$4,842,177 were collected during the fiscal year ending June 30, 2023.

Since its inception, the PTOC has discussed with District staff the effectiveness of the annual retention bonuses considering their relatively small amounts and the loose definitions of terms such as “high

performing teachers and educational staff.” We encourage the District to look for additional, potentially more effective uses for the Measure Y funds in its remaining years.

The results of an independent performance audit for the fiscal year ending June 30, 2023 were presented in an audit report <https://www.sjUSD.org/about/fiscal> issued on January 4, 2024 and accepted by the Board on January 18, 2024. The performance audit report concluded that parcel tax proceeds had been expended in accordance with the Measure Y ballot statement and noted several commendable practices. No new recommendations were noted, and all prior-year recommendations have been resolved.

Parcel Tax Oversight Committee

The purpose of the PTOC is to inform the public concerning the expenditure of tax revenues. It is the Committee's responsibility to actively review and report on the proper expenditure of taxpayers' money in accordance with voter-approved purposes.

The Board established the Measure Y PTOC on June 15, 2017 and appointed members to initial two-year terms. Committee members are non-compensated volunteers who must live or work within the borders of the District and may serve for an unlimited number of two-year terms. SJUSD employees and contractors are not eligible to serve on the PTOC. The seven current members were individually appointed (or reappointed) in June and December 2021 to terms ending June 30, 2023 and were renewed on May 25, 2023 to terms ending June 30, 2025. PTOC meeting agendas and minutes as well as administrative documents such as the PTOC Bylaws can be found at <https://www.sjUSD.org/about/advisory-committees-groups/parcel-tax-oversight-committee>.

The PTOC is committed to effectively communicating its findings and other relevant information to all community and educational partners. The wide distribution of the Annual Report and the availability of Committee members to their respective constituencies are some of the ways in which the PTOC seeks to meet its communication responsibilities.

The PTOC met three times in 2022-23 (joint meetings with the Measure H Citizens 'Bond Oversight Committee [CBOC] on August 29, 2022 at Muwekma Ohlone Middle School, October 24, 2022 at Trace Elementary School, and May 1, 2023 at the Hester Site to review program activities and expenditures for the 2022-23 school year. In addition, the Committee reviewed and discussed the annual independent performance audit report. The PTOC has evaluated expenditures for their appropriateness and consistency with voters' intent in passing Measure Y and has concluded that the District has adhered to the intent of the ballot statement.

Conclusion

The PTOC concludes that, to date, taxpayers' money has been properly expended in accordance with voter-approved purposes, and members of the Committee express satisfaction and confidence in the District's overall management of the Measure Y program. The PTOC remains concerned about the potential effectiveness of annual retention bonuses. This year the District used the Measure Y funds in order to payout sick leave balances. The District has reported back to the PTOC that these payouts had a positive effect on the morale of the employees and teaching staff.

The members of the PTOC take their mandated responsibilities seriously in evaluating and reporting on the progress of the District's expenditure of Measure Y funds. Members appreciate the opportunity to serve the students, voters and taxpayers in the San José Unified School District and wish to thank the Board of Education and District staff for their support.

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On behalf of the PTOC, I hope you find this report helpful and informative, and I welcome your response. For more information, please visit the SJUSD website at <http://www.sjUSD.org/> or contact the Committee through District staff at parceltax@sjUSD.org. All Committee meetings are open to the public, and meeting notices and agendas are posted in the same manner as Board of Education meeting notices and agendas.

Thank you for taking the time to read the Measure Y PTOC Annual Report for the year ending June 30, 2023.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Russell", written in a cursive style.

Christopher Russell
Chair