The passage of Measure M in November 2011 continued the local funding initially provided by Measures P and V for the Palos Verdes Unified School District (PVPUSD) in the wake of unprecedented cuts to education spending at the state level. Unlike Measures P and V, Measure M was passed without a “sunset date” meaning that this source of critical local funding will continue to benefit PVPUSD students for years to come. Without this local funding, the District would have been forced to make more than $7 million in additional cuts to the budget – cuts that would have been devastating to our schools. As required by law, the Parcel Tax measures laid out specific objectives for the use of generated funds, and created a Citizens’ Oversight Committee to ensure that funds are spent appropriately and consistently with the stated goals.

This document constitutes the annual report of the Citizens’ Oversight Committee for Measure M for the 2012-2013 school year. Although this report primarily covers the audited expenditures for 2012-2013 school year, it also will comment on the committee oversight in the 2013-2014 school year. The audited parcel tax expenditures for the 2013-2014 school year will be available in late 2014. Committee members include William Lama, John Letcher, Joseph Litchfield, Thomas O’Hern, Tina Quinn, Kim Rutledge, John Stillo, Jill Surace, and Julie Trell, who collectively represent each of the four cities that make up the Palos Verdes community.

Ballot language for Measures M promised an allocation of funds to specific budget categories in order to preserve and continue high quality education in the Palos Verdes Unified School District and to fund the following specific programs and services:

- Keep classroom technology up-to-date
- Provide advanced academic programs in math, science, and technology
- Attract and retain the most qualified and experienced teachers and school employees
- Keep neighborhood school facilities and grounds clean and well maintained
- Keep textbooks and instructional materials up-to-date
- Provide advanced educational programs that help local students get into the best colleges and prepare for successful careers
• Maintain manageable class sizes
• Continue funding for art, music, and physical education programs

The 2012-2013 approved allocations of the Measure M funds were as follows:
• Retain qualified and experienced teachers and other school employees – 90%
• Fund advanced programs in math, science and technology – 5%
• Keep classroom technology up-to-date – 5%

The Oversight Committee has reviewed the 2012-2013 allocations of Measure M funds as well as the findings of the performance audit for the year ending June 30, 2013. The committee is in agreement with the performance audit findings that the expenditures were consistent with the stated purposes of the measure.

The audit team did make an observation in regards to the allocation of the funds as described above. The audit team included the salary expense incurred for administering the parcel tax senior exemptions AND the salaries of some technology staff in the first category above (Retain qualified and experienced teachers and other school employees) which caused that allocation to be calculated at 97% vs the approved 90%. PVPUSD had accounted for these salaries in a different way – the technology staff salary expense was actually included in the third category (Keep classroom technology up-to-date). In order to more clearly align the accounting with the Measure M objectives, the administrative costs will first be subtracted from parcel tax funds collected, showing the administrative cost as a separate expense against the funds. The allocation percentages will then be applied to the parcel tax funds net of the administrative expenses. The allocation for the technology objective, Keep classroom technology up-to-date, will include only technology related non-payroll expenses - infrastructure, software, hardware, etc. All payroll expenses covered by Measure M funds will be included in the first objective (Retain qualified and experienced teachers and other school employees). Salary expenses will be itemized by type (i.e. teachers, technology support staff, etc.) to clearly show how the funds have been spent. This allocation adjustment will begin starting with the 2013-2014 allocations.

To date, Measure M has provided more than $14 million in revenue to the District since it became effective in 2012. To account for the impact of inflation on the cost of delivering the classroom programs and student services supported by the parcel tax, the PVPUSD Board of Education may vote annually to adjust the parcel tax rate for inflation by the change in the Consumer Price Index for all Urban Consumers California which is published by the U.S. Department of Labor, Bureau of Labor Statistics. Thus, the rate in 2013-2014 increased 2.2% from $374 to $382.23 and again in 2014-2015 from $382.23 to $389.12.

The passage and subsequent implementation of the Local Control Funding Formula (LCFF) has brought some relief to the state funding cut-backs.
However, PVPUSD continues to be underfunded by the state in comparison to similar California school districts. This means that the funding under Measure M parcel tax continues to be a critical portion of PVPUSD’s budget. It is hoped that as state funding stabilizes and improves, the parcel tax funds allocation may be adjusted to address needs in the other program and service areas referred to in the Measure M ballot language. To this end, the Citizens’ Oversight Committee recommends that the allocations continue to be reviewed, adjusted, and voted on as part of the PVPUSD annual budget process. We also ask that the Board of Education and District Administration strive to minimize the cost of administering the parcel tax exemption process in order to maximize the total funds available for maximum student benefit from the parcel tax.

The Committee very much appreciates the partnership, both with the Board of Education and the community that provided these funds, and congratulates both in highly valuing education and our children.

Respectfully submitted on behalf of the Citizens’ Oversight Committee,

Kimberly Rutledge
Chairperson, Citizens’ Oversight Committee for Measure M