

BERKELEY UNIFIED SCHOOL DISTRICT

TO: Board of Education
FROM: Donald Evans, Ed.D., Superintendent,
Natasha Beery, Director of BSEP and Community Relations
DATE: September 30, 2015
SUBJECT: BSEP Measure Planning Update

BACKGROUND INFORMATION

As a community response to school funding shortages in the wake of Proposition 13, the local tax known as the Berkeley Schools Excellence Program (BSEP) has made a significant difference in the quality of our schools and the fiscal stability of our district since 1986. Thanks to BSEP, students in Berkeley public schools benefit from funding for key elements of our district's educational programs, including lower class sizes, libraries, music, school enrichment/discretionary funds, technology, professional development, program evaluation, public information, translation, and parent outreach.

The current measure, the Berkeley Public Schools Educational Excellence Act of 2006 (Measure A), expires at the end of FY 2016-17. An updated measure will go before the voters in November 2016. Prior BSEP measures have had strong voter support, well over the two-thirds vote necessary to pass a school tax measure: in 1986 (77.9%), 1994 (85.5%), 2004 (72.4%), and 2006 (79.7%). This support is encouraging, but should not be taken for granted; the planning process for the next measure must include significant educational, budgetary and public process work in order to ensure that BSEP funding continues to strengthen opportunities for excellence, equity, engagement and enrichment for Berkeley students.

History of BSEP Measure Components

Each BSEP measure has evolved through a process of adjusting its components, given district educational priorities and the funding sources available. Of the current BSEP purposes, lower class sizes and site discretionary funds have formed a substantial portion of each of the four measures since 1986. The elementary instrumental music program, a victim of budget cuts, was added in 1994, along with technology and public information. In 2004, when state funding for California school districts suffered, Berkeley parents and community members put Measure B, known as the "bridge measure" on the ballot, providing additional resources for class size reduction, expanded course offerings, libraries, additional teachers for music 4th-8th grades, along with program evaluation, professional development and parent outreach. The essential components of the 1994 and 2004 measures were combined as a basis for the structure of the 2006 measure.

[See Appendix A: BSEP Measure History.]

Planning for a New BSEP Measure

The Superintendent's BSEP Measure Planning Workgroup began meeting in 2014 to provide the initial framework for the early stages of BSEP Measure Planning. The workgroup established a timeline for the planning process, reviewed records from prior BSEP planning groups, examined the trajectory of the current BSEP funds, and identified key issues to be addressed in the context of the fiscal framework of the district and state. The Board received reports from this initial planning process on March 12, 2014, November 14, 2014, and January 28, 2015.

With the BSEP Measure at the polls in just 18 months, three major planning components must now be addressed with intensified focus:

- 1) Educational Priorities: a careful examination of the components of the current measure and review of possible changes to better meet the needs of our students;
- 2) Budget Models: a thorough analysis of financial scenarios for the elements and overall structure of the new measure; and
- 3) Public Process: the design of an effective and inclusive community engagement process to ensure public input, understanding and support of the measure.

Educational Priorities

BSEP Measure A of 2006 allocates net revenue in specified percentages to the following purposes:

- 66% is allocated to reduced class sizes by paying for over 30% of TK-12 teaching staff, expanded course offerings, middle school counseling, and program support;
- 14.75% provides for the entire school library program, the grades 4-8 music, visual and performing arts programs, and a family outreach and engagement program;
- 10.25% provides schools with discretionary funds to be allocated in keeping with a school site plan developed by each School Governance Council;
- 9% supports professional development, educational program evaluation, and technology for schools;

- 2% of net revenues before allocation to the resources listed above are allocated to public information, translation services, and support of the BSEP Planning and Oversight Committee.

The BSEP Resources are overseen by directors/managers who ensure that program plans and budgets are in keeping with the stated purposes of the current BSEP Measure. Within that framework, there is some flexibility to adapt programs to the current educational and funding landscape. The plan for each resource is brought to the BSEP Planning and Oversight (P&O) Committee and then to the Board each spring for approval. Over the life of the Measure, and in particular during recent years, changes in needs and/or availability of resources have highlighted some issues in both the management of the current measure and planning for the next measure.

The Educational Services Directors are currently reviewing each of the BSEP resources, writing brief reports summarizing the development and current status of each program, and outlining challenges and opportunities in each program area. These preliminary reports, also referred to as “Idea Papers”, are being written over the summer and early fall, in order to provide the budget models group, public process planners and Board with the background information necessary for informed decision-making.

As an example of the types of issues to be outlined in these reports, the largest BSEP resource, Class Size Reduction (CSR), is now at the intersection of several evolving issues: educational priorities, class size goals, enrollment growth and facilities planning. The current BSEP measure states that after specified class size ratios are met, resources may be allocated for other priorities, including middle school counselors, expanded course offerings, and program support. The latter category of program support, which was added to the measure in 2006, went through considerable expansion, especially in the 2012-2014 period, when BSEP revenues had grown (based on Cost of Living - COLA increases) compared to the General Fund. This allowed for expanded BSEP funding in areas such as Response to Intervention (RtI2) and Literacy Coaches. However, with higher costs associated with both enrollment growth and teacher compensation in recent years, the funding available for this “program support” section of the CSR fund has been drastically reduced, necessitating an examination of priorities both within this BSEP resource and elsewhere in the district budget. Meanwhile, the state funding parameters for class size reduction have shifted from a K-3 class size target of 20:1 to 24:1, and enrollment growth has put pressure on facilities planning for the district.

Another example of changes in BSEP resource educational priorities since 2006 are the increasing demands on technology infrastructure, as well as opportunities for the use of instructional technology. The amount of BSEP funding to technology has not kept pace with this increased need. A new

“DigiTech” team composed of library and technology staff has been collaborating to support student, teacher and parent skills in digital literacy, instructional technology and cyber citizenship. At the same time, Common Core standards and SBA testing have also brought new challenges to libraries, professional development, program evaluation, and technology resources.

Budget Models

A budget models group has begun initial work on fiscal issues involved in BSEP resources, as well as tax rate and measure structure scenarios. This preliminary budget analysis is necessary to provide the data and background to inform next year’s community forums, budget workshops, and focus groups. Short-term and long-term planning for BSEP budgetary resources involves building fiscal models which take into account potential variations in revenues (primarily linked to taxable properties and tax rates), as well as major components of costs (linked to enrollment, compensation costs, program elements and staffing models), along with the availability of state and federal funding sources.

Since the last measure was written in 2006, the state and district budgets have undergone significant changes. In the early years of the measure, state funding was affected by the economic recession. The new Local Control Funding Formula (LCFF), is now incrementally returning state funding to 2007 levels. LCFF Supplemental Funds are also being made available to districts based on the percentage of high-need students (low income, foster youth, and English learners). Meanwhile, BUSD enrollment is growing, and compensation costs are also increasing, placing a strain on current BSEP resources and calling into question the sustainability of some of the current program structures and staffing models. This issue has become more acute recently, with the BSEP revenue increases provided by the COLA hovering around 1%, far less than the cost increases associated with enrollment growth and compensation increases.

An additional budgetary concern for BSEP planning is the fact that the current measure involves the use of a “split roll” parcel tax, with residential and commercial properties taxed at different rates. This approach has been called into question since a 2012 ruling against the Alameda Unified School District, which had a similar split roll tax. In *Borikas v. Alameda Unified School District*, the First District Court of Appeal ruled that when school districts levy qualified special taxes, such taxes should “apply uniformly to all taxpayers or all real property within the school district.” Recent attempts in the legislature to change these parameters have been unsuccessful.

If the next BSEP measure were to be structured such that commercial properties are taxed at the lower residential rate, the loss to revenues would be substantial - a loss of over 10% of BSEP revenues, or nearly \$2.6 million. This

calls into question not only whether new purposes could be added to the measure, but whether current allocations might need to be reduced, unless there is public support for slightly increased rates in order to maintain BSEP revenues.

Public Process

Since the last BSEP measure was authorized in 2006, the District has engaged in a number of community-wide planning initiatives, including the 2020 Vision for Berkeley's Children and Youth, and the Local Control and Accountability Planning (LCAP) process for state funding. These discussions have surfaced ideas for strengthening the educational programs at our schools, as well as questions as to how various resources should be used for specific purposes or populations of students. The BSEP Measure planning process will continue to build on these public discussions, while focusing on the areas which are most directly connected to the measure.

Prior to the elections of 1986, 1994, 2004 and 2006, there were significant planning processes where, in different forums, staff and community members reviewed the value and costs associated with of various educational programs in promoting and supporting the development and achievement of all the District's students. The current work being done in outlining educational priorities and budgetary models is intended to provide stakeholder groups with the information necessary to participate in discussions of budget priorities. In addition, a polling firm will be engaged in 2015-16, as has been done for past BSEP measures, in order to support community and district budget workshops and design a public opinion survey to clarify voter understanding and support of key components of the measure.

The district-wide BSEP Planning and Oversight (P&O) Committee, composed of elected representatives from each school site, reviews plans and reports from program managers and district staff in order to ensure compliance with the terms of the current Measure. As the current measure enters its final two years, the P&O and BSEP program managers are focused on ensuring that program plans remain in alignment with the original purposes of the Measure, while expenditures are sustainable through the remainder of the Measure. The P&O Committee is also deeply interested in ensuring that a community engagement process allows for meaningful input in the construction of the next BSEP measure. The final P&O meeting for the 2014-15 school year, held on June 2, 2015, includes a discussion of the public process for BSEP Measure planning. The Superintendent has also voiced his support for creating opportunities for community town halls and/or seminars on key educational components for the fall of 2015 in order to provide further underpinnings for the spring 2016 budget workshops and decision-making.

The next update on the process is planned for the September 30, 2015 board meeting, with preliminary educational priority reports and public forum and polling plans, followed by a November 2015 report on tax rate considerations, polling results, and budget workshop plans. The BSEP planning process will continue to require intensive attention from the BSEP Office, the P&O, District staff, Board, and community members, in order to bring a final version of the Measure for a Board vote in June 2016, and to the Berkeley city ballot of November 2016. [See Measure Planning Process Summary, Appendix B].

POLICY/CODE

Berkeley Public Schools Educational Excellence Act of 2006 (Measure A of 2006)

FISCAL IMPACT

The *Berkeley Public Schools Educational Excellence Act of 2006* (BSEP) currently provides approximately 20% of the District's combined General Revenue, and funds one-third of the District's classroom teachers. BSEP revenues projected for FY 2015-16 are \$24,920,954.

RECOMMENDATION

Receive and discuss the BSEP Measure Planning Update.

BSEP Measure History [Appendix A]

1986: Measure H

Berkeley Public Schools Educational Enrichment Act of 1986

77.9% voter approval
12 years

- lower class sizes
- supplementary educational materials
- enrichment funding given to each school on a per pupil basis
- facilities and grounds improvements

1994: Measure B

Berkeley Schools Excellence Project of 1994: Measure B

85.5% voter approval
10 years

- lower class sizes
- supplementary educational materials, books, technology
- enrichment funding given to each school on a per pupil basis
- elementary instrumental music
- school maintenance and security
- public information and BSEP administration

2004: Measure B

Protecting Quality Education in Berkeley's Public Schools Act of 2004

72.4% voter approval
2 years

- lower class sizes, expanded course offerings in MS and HS
- additional teachers for 4th-8th music program
- school library staff
- program evaluation and teacher training
- parent outreach and translation, BSEP administration

2006: Measure A

Berkeley Public Schools Educational Excellence Act of 2006

79.7% voter approval
10 years

- lower class sizes, expanded course offerings in MS and HS
- middle school counseling, program support
- site discretionary funding given to each school on a per pupil basis
- school library staff and materials
- music, visual and performing arts 4th-8th
- program evaluation, professional development, technology
- parent outreach
- public information and translation; BSEP administration, P&O support

Notes: Facilities and grounds improvements were part of the original 1986 measure. In 1994 the percentage dedicated to facilities was reduced, and its focus changed to maintenance and security. Additional support for the school buildings was later provided by another special tax, Measure BB of 2000, and later, Measure H of 2010 for maintenance of school district buildings, as well as landscaping and grounds work, leaving BSEP with a clear focus on educational program.

BSEP Measure Planning Process Summary [Appendix B]

April 2013 - December 2014

Superintendent's Measure Planning Workgroup

- Review planning issues and develop measure planning timeline
- Updates to Board: April 10, 2013; March 12, 2014; November 5, 2014
- P&O subcommittees: Measure Awareness, BSEP Resource Subcommittees

January - August 2015

BSEP Measure Components Groups

- Cabinet: review components of current Measure alongside key district initiatives such as LCAP
- Form Educational Priorities and Budget Models Groups - focus on priority topics
- Recap to P&O June 2, Board June 3
- Educational Priorities: outline BSEP Reports
- Budget Models: focus on key fiscal issues - CSR, tax rate and measure structure issues
- Public Process: plan for fall public process, engage polling firm

September 2015- December 2015

Groundwork for Public Process

- Board updates – Sept 30, Nov 18
- Educational Priorities: Reports summarize BSEP Programs – Sept 30, Oct 14, Nov 18
- Budget Models: Staff provides models based on revenue and expenditure variables
- Public Process: Preliminary voter poll – Sept 30; BSEP Orientation/Workshop Oct 22

January – March 2016

Budget Workshops and Public Opinion Survey

- Community Budget Workshops; Stakeholder Focus Groups
- Voter poll on tax rate and educational purposes

April 2016

Board - Public Hearing on Parcel Tax Renewal

- Outline of New Measure Design (Percentages/Purposes); Additional Considerations for Funding

May 2016

Final Recommendation on Measure Components to Board

- Include Budget Assumptions

June 2016

Board Resolution Approving Final Version of Measure

November 2016

November 8 Election Ballot; Takes Effect in 2017-18