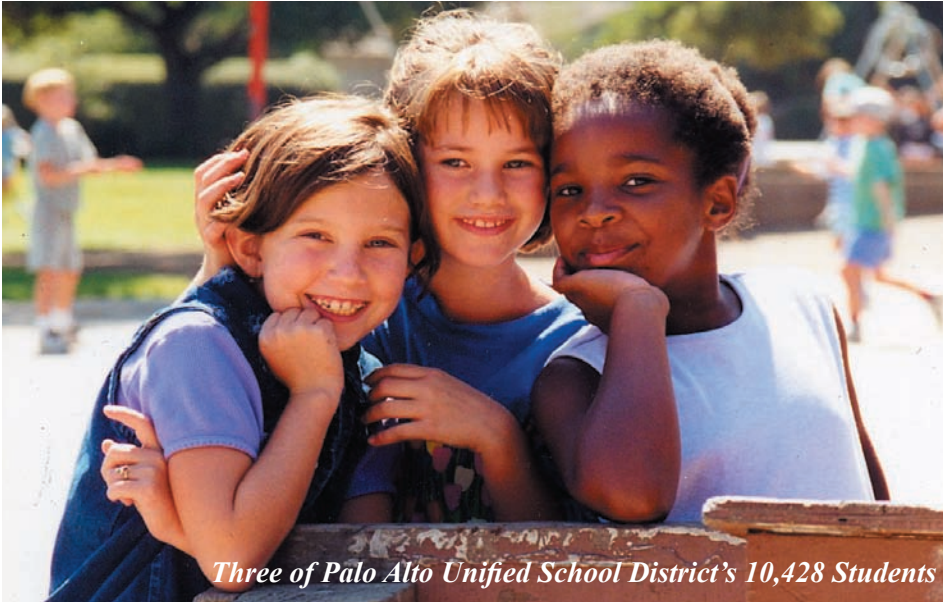


Why do Palo Alto's public schools

need our help now?



Three of Palo Alto Unified School District's 10,428 Students

FAQ

Why Support Measure A? FREQUENTLY ASKED QUESTIONS

Q: Why do Palo Alto's public schools need Measure A now?

A: The parcel tax now in place, which provides \$5.5 million in critical funding for Palo Alto Unified School District (PAUSD) schools, expires next year. In addition, PAUSD has lost \$4.4 million in annual state funding over the last three years, while enrollment growth has added \$3 million in annual costs during the same period. To balance its budget, PAUSD has been forced to make program cuts of \$6.5 million and tap \$3.4 million in limited emergency reserves.

Q: How have these previous cuts affected the quality of our schools?

A: Among other things, these cuts have reduced course offerings in the middle and high schools – from Shakespeare to AP Physics; reduced elementary reading, art and math

programs; reduced library hours; and reduced funding for instructional materials, athletics, technology support, school maintenance, etc.

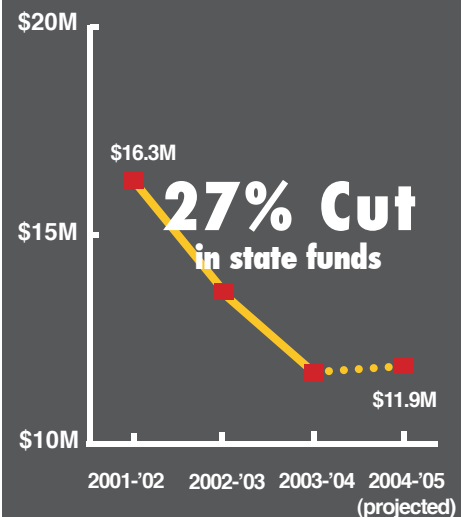
Q: How would PAUSD be affected if a parcel tax is not passed?

A: Without this revenue, PAUSD would have to cut \$5.5 million in expenditures for the 2006-'07 school year – on top of the \$6.5 million previously cut. Given the scale of reductions already made, it would not be possible to balance the budget without serious cuts at the classroom level. Restoring previously cut programs would not be possible.

Q: What would our schools lose if a parcel tax is not passed?

A: To eliminate \$5.5 million more in funding from our schools, PAUSD would be forced to consider closing an elementary school and laying off

PAUSD Has Lost \$4.4 Million in State Funds



Source: PAUSD Adopted Budgets

as many as 107 teachers (16% of the teaching force). Teacher layoffs of this scale would increase class sizes in kindergarten through 10th grade by as much as 18-40% and eliminate one elective class each semester for all middle and high school students.

Q: The economy is improving. Why not wait to see if property tax revenues grow enough by next year?

A: Property tax revenue growth is unpredictable but rarely dramatic. To replace \$4.4 million in state funding; \$5.5 million in existing parcel tax revenue; and fund next year's estimated \$1.2 million cost of enrollment growth; property tax revenue would need to grow 15% over this year's projected sum. There is almost no chance of such a surge, as 2004-'05 growth is expected to be 5-6% and 2003-'04 growth was about 1%.

FAQ

Uncertain Revenue FREQUENTLY ASKED QUESTIONS

Q: What if property tax revenue exceeds PAUSD projections next year?

A: PAUSD won't receive complete property tax revenue data for 2005-'06 until July 2006 – after the end of the fiscal year. If revenue exceeds projections, PAUSD would focus on securing existing programs (based on projected financials), and then consider restoring more of the programs cut in recent years (about 37% would be restored by Measure A).

Q: Aren't there other ways to restore funding to PAUSD schools?

A: Under Proposition 13 the only action a school district can take to increase operating revenue is to ask voters to approve a parcel tax. Measure A is the only certain way PAUSD can avoid further cuts and restore some of what our schools have lost.

Q: What has changed in state funding for PAUSD schools?

A: Because of recent shortfalls in the California budget, state funding

for our school district has been cut sharply. Since 2000-'01, PAUSD has lost \$4.4 million in annual state financing – a 27% reduction.

“The school district, once considered one of many factors in selecting a home, is now the driving force behind an expensive housing market, real estate agents say.”

San Francisco Chronicle

How Measure A Compares

Local High-Performing Districts



Q: Does PAUSD expect the state's financial crisis to further erode funding for our schools?

A: Unfortunately, yes. The Governor's proposed budget shifts certain pension costs to local school districts, which would add up to \$1 million to PAUSD's expenses next year.

Q: Since homes are so expensive in Palo Alto, don't property tax revenues make up for state cuts?

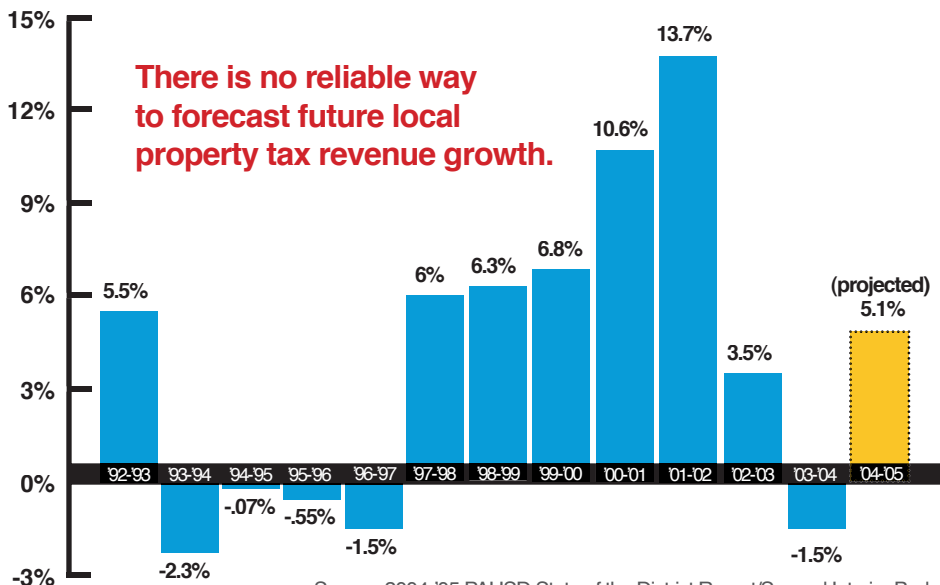
A: Unfortunately, no. Despite the rise in Palo Alto home values, last year's property tax revenue growth was the lowest since 1993. This is because 36% of PAUSD's property tax revenue comes from commercial property, where values have dropped sharply due to low growth, high vacancies, reduced rents and property reassessments. Also, state law limits property tax increases even when home values rise.

Q: What are PAUSD's enrollment growth trends and projections?

A: In the past three years, PAUSD has grown by 594 students – a 6% rise. While future growth is unpredictable, five-year forecasts estimate additional growth of 942 students – a 9% increase over this year.

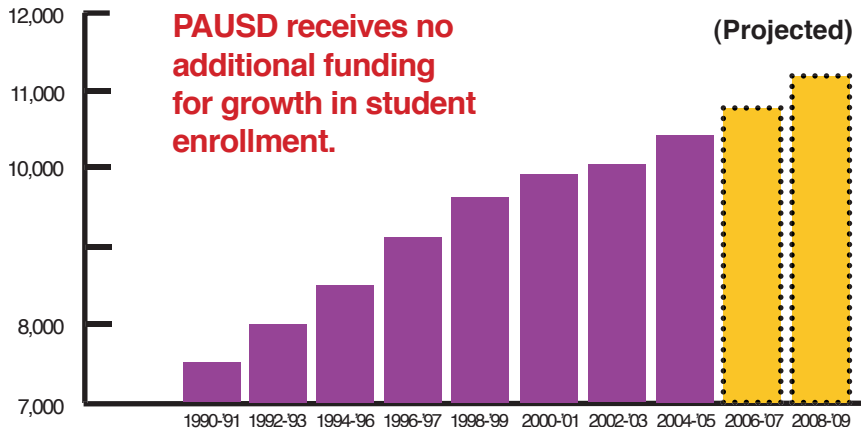
Growth in Property Tax Revenue Per Student

3.8% Average Annual Growth from 1992-'03 to 2004-'05



PAUSD Enrollment Trend & Projection

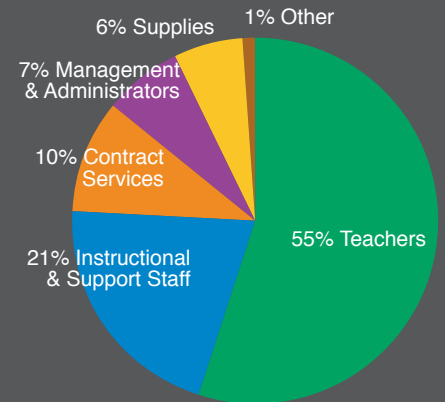
+594 students in last 3 years; +942 students in next 5 years



Source: PAUSD Enrollment Forecasts 1/25/05

PAUSD Use Of Funds

2004-'05 Budget: \$112.2 Million



Source: PAUSD State of the District Report, PAUSD Second Interim Report

FAQ Certain Expenses FREQUENTLY ASKED QUESTIONS

Q: If PAUSD enrollment grows by 942 students, how would it impact our school district's budget?

A: PAUSD would need to hire 47 more teachers, which would cost over \$4.1 million in today's dollars. This does not include the cost of 40 more classrooms, supplies and support staff. PAUSD estimates that the 594-pupil growth over the last three years adds approximately \$3 million in ongoing annual costs.

Q: Doesn't PAUSD receive additional funding to cover such expenses when enrollment grows?

A: No. Unlike most school districts in California, PAUSD does not receive additional funding to meet expenses when enrollment grows.

Q: Can our school district control increases in costs?

A: Inflation affects almost everything the district purchases but PAUSD makes painstaking efforts to control costs. For example, PAUSD has held the increase in the cost of health care benefits to about 6% per year since 2002 – far below the U.S. average of 12%.

Q: What has PAUSD done to reduce costs beyond the classroom?

A: Over the last two years, PAUSD has cut administrators by 13%, reducing these positions to 4.9% of PAUSD staff. The district has examined all facets of its operation to implement efficiencies, such as combining or eliminating positions, managing the use of utilities at all sites, and cutting expenditures for overtime and substitute teachers.

Q: What about PAUSD students who don't live in our school district?

A: Only about 130 out-of-district students attend our schools at PAUSD's discretion; almost all are children of District employees. This serves as a very effective teacher retention program for PAUSD. Approximately 560 additional students transfer to our schools under a 1986 court order that requires PAUSD to accept a set number of students from East Palo Alto and portions of Menlo Park. PAUSD receives partial funding from the state for these 560 students.

Q: How do PAUSD teacher salaries compare to other districts?

A: To attract and retain highly qualified teachers, PAUSD pays salaries in line with other districts in Santa Clara and San Mateo Counties. A PAUSD starting teacher earns \$44,268, while peers earn \$42,956 in Menlo Park Elementary District, \$46,704 in Los Gatos-Saratoga High School District, and \$49,518 in Mt. View-Los Altos High School District.

Q: How good is PAUSD's track record for budget management?

A: PAUSD has a stellar record for balanced budgets. For the past seven years, PAUSD has received the Meritorious Budget Award from the Association of School Business Officials International. In the last two years, PAUSD was one of only three districts so recognized in California.

“California's K-12 education finance system is broken in every way.”

Michael W. Kirst, Ph.D.
Professor of Education
Stanford University

FAQ Parcel Tax Basics

FREQUENTLY ASKED QUESTIONS

Q: What is a parcel tax?

A: It is a flat assessment on each parcel of land. A parcel tax requires two-thirds approval in California.

Q: Didn't Palo Alto already approve a parcel tax for schools in 2001?

A: Yes. A five-year parcel tax was approved in 2001 by 75% of Palo Alto voters. It expires next year.

Q: Would Measure A replace the existing parcel tax?

A: Yes, Measure A would replace the existing parcel tax.

Q: What would Measure A cost?

A: Property owners would pay \$493 per year for six years – about \$1.35 per day.

Q: How much revenue would Measure A raise for PAUSD?

A: It would raise \$9.3 million annually for six years and provide about 8% of PAUSD's total projected revenue for the 2005-'06 school year.

Q: How would PAUSD use the \$9.3 million in Measure A funds?

A: About 43% of the funds would be used to maintain current class sizes. Another 31% would help PAUSD prevent teacher layoffs. The remaining 26% would restore about one-third of the programs cut since 2003, including some elementary reading, art and math programs, middle and high school course offerings, librarian hours, counseling services and instructional materials.

Q: How soon would Measure A revenue help our schools?

A: Immediately. All of our schools would begin to see the benefits in the 2005-'06 school year.

Q: Will Measure A funds be used to pay for additional central administration or salary increases?

A: No.

Q: Can the state seize Measure A funds if they face a budget crisis?

A: No. By law, all parcel tax funds stay local to benefit PAUSD schools.

Q: How will Measure A benefit residents who don't have children in PAUSD schools?

A: Quality schools mean a quality community. Also, most realtors agree that quality schools are the key driver for the "Palo Alto premium" in home values. When the Measure A cost is compared with historical growth in home values, supporting our schools makes good investment sense.

Q: Why is a parcel tax a flat fee per parcel instead of a fee proportional to assessed property value?

A: Under state law, public schools may not levy taxes for operating revenue based on property value.

Q: What is the oversight process for Measure A funds?

A: Measure A funds must be spent as defined on the ballot. All expenditures would be audited annually and overseen by an independent citizen's committee providing annual reports.

Q: Can seniors request an exemption to the parcel tax?

A: Yes. Senior citizens are entitled to an exemption upon request.

Q: When will Measure A be on the ballot for our schools?

A: Tuesday, June 7, 2005.

Q: How can I learn more about local school financing and Measure A?

A: For more information, visit www.campaignforexcellence.org or e-mail info@campaignforexcellence.org

