



FACT SHEET

Background

On Feb. 28, 2019, the LAUSD's Board unanimously voted to place on a June 4, 2019 Special Election ballot a **new \$500 million property tax on homes, apartments and business properties throughout the City of Los Angeles and within the vast boundaries of the school district**. The LAUSD's proposed property tax would assess a tax of 16 cents per square foot on all properties, which is in addition to an existing 12 cent per square foot property tax levied by the district, and statewide tax increases dedicated to schools passed by voters in 2012 and 2016. The property tax requires two-thirds voter approval. **The Special Election will cost \$12.5 million to conduct.**

Why the District is Calling for a Property Tax Increase

The Board's decision to tax homeowners, renters and businesses is in direct response to the promises made by the district to meet union demands to end the strike earlier this year. Those promises were made knowing the district did not have the funds to pay for the union's demands. In fact, the district projects a more than \$400 million annual shortfall, due in large measure to skyrocketing health care and pension debt.

The district's own resolution to place the property tax on the ballot calls for, among other things, money for administrative services. **Measure EE has no cap on administrative expenses and, despite district and union claims to the contrary, has no requirement that the new tax revenue is spent in the classroom.**

The LAUSD already spends more than \$7.5 billion a year, yet the district is so badly mismanaged that money hasn't led to any significant improvements in classrooms or test results. **A 2018 Reason Foundation report found that over the last 15 years, the district has lost more than 245,000 students but staffing (administration and teachers) has increased.** The cost of the district's employee benefits has increased 44% since 2014. Its spending on outside consulting services rose 110% since 2014.

The Real Story

In a missive to its followers, **United Teachers Los Angeles (UTLA) made clear the property tax is the first of a number of steps the union intends to take to continue taxing homeowners and businesses, including eliminating Proposition 13, capping charter and magnet school growth and "unapologetically taxing the rich."**

Real reforms are needed at the district. However, no reforms are included in Measure EE, just a demand by district bureaucrats and defenders of the failed status quo that taxpayers bail out a school district with a history of red ink, appalling education results, declining enrollment, runaway administrative hiring and exploding retirement and health care costs.

The district's own polling shows that, with a strong challenge, Measure EE does not have sufficient support to meet the two-thirds vote threshold. A well-funded outreach campaign can defeat Measure EE.

VOTE NO ON MEASURE EE

Ad paid for by No on Measure EE: Reform LA Unified First - Not New Taxes, a committee sponsored by taxpayers, homeowners, renters, and small businesses
Additional information is available at ethics.lacity.org.

LAUSD Parcel Tax: Damned If You Do, Damned If You Don't

JACK HUMPHREVILLE / 18 MARCH 2019



TOOLS

 PRINT  EMAIL

LA WATCHDOG--QUALITY TEACHER, CLASS SIZE REDUCTION, AND LOCAL SCHOOL SAFETY MEASURE

To retain/attract quality teachers; reduce class sizes; provide counseling/nursing/library services, arts, music, science, math, preschool, vocational/career education, safe/well-maintained schools, adequate instructional materials/supplies; support disadvantaged/homeless students; shall Los Angeles Unified School District levy \$0.16 per square foot of building improvements annually, exempting seniors/certain disability recipients, providing approximately \$500,000,000 annually for 12 years, requiring annual audits, oversight, and funding local schools?

Mayor Eric Garcetti's "leap of faith" budgeting was an integral part of the settlement of the six day strike by United Teachers Los Angeles represented teachers against the Los Angeles Unified School District.

To bridge the budget shortfall, the Board of Education has placed on the June 4 ballot a measure for a \$500 million parcel tax. This will require the approval of two-thirds of the District's voters.

While this \$500 million is a 7% increase in our property taxes, a disproportionate share will fall on owners of commercial properties. Nevertheless, apartment dwellers can expect a \$10 to \$20 a month increase in their rents (assuming the tax is passed through to tenants) while the average homeowner will be assessed \$400 to \$500 a year. This is addition to the hefty assessment to service the District's \$11 billion in General Obligation Bonds.

The District needs the money to eliminate its operating deficit and to fund the commitments made in the new labor agreement. This fact was confirmed by the Los Angeles County Office of Education which has expressed concern over one time funding sources and projected revenues, its operating deficits, its growing structural deficit, and dwindling reserves.

As such, the County is requiring LAUSD to develop a detailed Fiscal Stabilization Plan that identifies the “specific expenditure reductions and/or revenue enhancements to fund the ongoing costs of the salary increase” and to restore reserves to acceptable levels. Otherwise, the County will assign a Fiscal Advisor with “stay and rescind authority over the Governing Board.”

While there is a demonstrated need for additional revenues, has LAUSD earned our YES vote?

Has the District developed plans to reform its pension and medical retirement plans that are devouring an increasing share of the budget? They also have an unfunded liability of \$22 billion, almost three times revenues?

Has the District downsized its bloated bureaucracy which has increased by 20% while enrollment has decreased by a third?

Has the District developed policies to reward teachers based on merit versus seniority? Has the District and UTLA taken any steps to reform tenure and to make it easier to dismiss underperforming or misbehaving teachers?

Has the District made firm commitments for charter schools and magnet programs to benefit proportionately from this tax increase?

Has the District provided for independent oversight of the District's far flung operations and its finances? The measure only provides for an independent audit of the use of the proceeds from the parcel tax.

Is it appropriate to reward the thuggish behavior and tactics of UTLA and its president during the strike?

The answer to these questions is NO.

Rather than take the necessary steps to improve the operations and finances of the District, the Board and UTLA believe that more and more of our money will solve the problem. It is like throwing more good money into the fire.

While we are damned if we approve the tax and damned if we don't, the parcel tax does not deserve our vote until the District and the UTLA agree to real operating and financial reforms.

And finally, where do the Mayor and the members of the City Council, all of whom support the parcel tax, send their children and grandchildren to school?

(Jack Humphreville writes LA Watchdog for CityWatch. He is the President of the DWP Advocacy Committee and is the Budget and DWP representative for the Greater Wilshire Neighborhood Council. He is a Neighborhood Council Budget Advocate. He can be reached at: lajack@gmail.com.)

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LAUSD's punishing parcel tax proposal

Jon Coupal

March 24, 2019 at 12:00 pm

America's most dysfunctional school district has stepped in it again. The Los Angeles Unified School District (LAUSD), apparently coming to the shocking realization that there was no way they could pay for the horrible deal they just cut with the unions, has hurriedly placed on the ballot for June a new property tax that leaves no Los Angeles taxpayer unscathed.

That grassroots taxpayer interests would be opposed to the new levy is no surprise. **But several business organizations, usually more tolerant of higher government spending — particularly for education — have had enough.** Groups as diverse as the Howard Jarvis Taxpayers Association, the Los Angeles Chamber of Commerce, the Valley Industry and Commerce Association (VICA) and the L.A. County Business Federation (BizFed) have all announced their opposition. None of these organizations is anti-education. In fact, all are pro-education as long as there is demonstrable improvement in the education product we are all paying for. On this score, LAUSD falls way short.

At the core of the broad-based opposition is the abject lack of long overdue reforms at LAUSD. The list of reasons to oppose the tax is long.

First, taxpayers would be wasting millions of dollars on a special election. The LAUSD Board voted unanimously to put the tax increase before the voters in a special election to be held on June 4, 2019. The cost of the special election is \$12.5 million.

The tax would add hundreds of dollars to tax bills and rents and would do so in a convoluted manner. **Rather than a flat tax on every parcel — which would be bad enough — the proposed tax increase would be 16 cents per square foot of building improvements on properties within the district.**

That's \$160 for every 1,000 square feet. Property owners (and tenants) should be sitting down when they do the math on this one.

Seniors are ostensibly exempt from the tax, but not from rent increases. Properties used as the principal residence of owners who are age 65 or older, or on disability, are eligible for an exemption, but there's no exemption from the higher rents or higher prices that result from the tax hike. Also, seniors should be very cautious about the so-called "exemption," as in many instances it's necessary to re-apply for them every year.

The tax would force taxpayers to bailout the district for its own mismanagement. The expected revenue would be \$500 million annually for 12 years. That's the amount reflective of the district's structural deficit. A large portion of that mismanagement is attributable to the district's irresponsible contract promises to the teachers' union. No private-sector entity would agree to end a labor strike without having the money to fund the contract.

Like many proposed tax increases and bond proposals, LAUSD's proposed tax comes with phony oversight. The measure says the money must be used for the "support" of schools, but that is so general that all the money could be spent on pensions and retiree benefits, with not one cent going into classrooms.

But the biggest reason all Los Angeles voters should vote no on Measure EE is that this bailout would remove the pressure for needed reforms. Before the teachers' strike, L.A. County was warning the district that it could be taken over due to projected financial shortfalls within a three-year period. That created pressure for budget reform. But instead of reform, LAUSD wants a massive tax increase.

We all want quality schools. But voters need to fully comprehend what they would be getting if Measure EE passes.

More importantly, they need to know what they would not be getting.

Jon Coupal is the president of the Howard Jarvis Taxpayers Association

Daily News

Daily Breeze

Pasadena Star-News

SAN GABRIEL VALLEY TRIBUNE

Whittier Daily News

Ad paid for by No on Measure EE: Reform LA Unified First - Not New Taxes, a committee sponsored by taxpayers, homeowners, renters, and small businesses
Additional information is available at ethics.lacity.org.

Ballot Argument - As submitted to Registrar of Voters

Vote NO on Measure EE.

We all want an effective public education system for our children and support greater funding to get there. Unfortunately, LAUSD's proposed parcel tax isn't the answer. It includes no guarantee to spend our tax dollars in the classroom to improve education.

Voters approved tax increases in 2012 and again in 2016 to fund schools. LAUSD continues to shortchange our children with poor student achievement scores in English and math, low graduation rates and declining enrollment.

DON'T BE FOOLED. Money from the tax won't add resources to classrooms. It will be used to temporarily fix a budget deficit and to pay for LAUSD's over-promised pension and health insurance costs.

A 2018 Reason Foundation report found that over the last 15 years, the district has lost more than 245,000 students. But, the cost of the district's employee benefits have increased 44% since 2014. Its spending on outside consulting services rose 110% since 2014.

The Daily News wrote, "Parcel taxes tend to take a greater percentage of income from lower-income taxpayers." This tax "will add hundreds of dollars annually to homeowners' property tax bills and thousands of dollars to the annual expenses of supermarkets, retail stores, office buildings, warehouses and commercial facilities."

This tax includes apartment buildings. High rents will increase more!

Families are getting crushed with unaffordable housing. A new tax of 16-cents per sq.ft. of building space (\$537 per parcel average) makes matters worse.

Needlessly, this June 4th Special Election is costing taxpayers \$12.5 million.

LAUSD WASTES OUR MONEY.

District bureaucrats and defenders of the failed status quo want taxpayers to bail out a school district with a history of red ink, appalling education results, declining enrollment, runaway administrative hiring and exploding retirement and health care costs.

REFORMS MUST COME FIRST.

Vote NO on Measure EE.

Rebuttal to Yes Ballot Argument - As Submitted to Registrar

Vote NO on Measure EE.

EE is a new \$500,000,000 annual tax on all properties - homes, apartments, neighborhood shops, restaurants and grocery stores - within the LAUSD, averaging \$537 per property. EE will make everything we buy and use more expensive.

EE is UNFAIR to homeowners and renters. Landlords will be forced to pass these increased costs onto renters. This tax will make the housing crisis worse.

EE is UNFAIR to families and children. The district has been mismanaged for decades resulting in low English and math scores, declining enrollment and poor graduation rates. Rather than fix longstanding problems, reform a broken system and control run-away finances, LAUSD is asking for \$6 billion in new money from taxpayers.

EE is UNFAIR to students and teachers. EE has no guarantee that this new money will be spent in the classroom. Hidden in EE is a requirement that new revenue be used for "administrative support." If history is a guide, LAUSD will use our tax dollars on administration, outside consultants and pension debt.

EE is UNFAIR to taxpayers. LAUSD says that it's not getting its fair share of state education funding. Instead of having the state fix that, district bureaucrats put the whole burden on our backs.

Reform First!

We need real education reform and better district management before we give LAUSD more of our hard-earned tax dollars.

This bailout scheme will only remove the pressure to reform, and nothing will improve for our children.

EE FAILS THE TEST. Vote No!

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COUNTY OF LOS ANGELES
ELECTION PLANNING

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