

Thirty-second District PTA

# *School Finance 101*



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***PTA***<sup>®</sup>

*everychild.one voice.*

Contra Costa County Office of Education

May 16, 2011

# Agenda

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- Welcome & introductions
- Basics of CA school finance
- Budget outlook for our local schools
- Comments from Senator DeSaulnier
- What you can do
- Questions



# Speakers

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- Bill Clark, associate superintendent of business and administrative services, CCCOE
- Nancy Vandell, 32<sup>nd</sup> District PTA vp of education and legislation
- Senator Mark DeSaulnier



# About PTA

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- Nation's oldest and largest advocacy organization working on behalf of children
- The mission of the California State PTA is to positively impact the lives of all children and families by representing our nearly one million members and empowering and supporting them with skills in advocacy, leadership, and communications.



# About PTA

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*Because of PTA, our nation has...*

- Kindergarten as a part of our public school system
- Child labor laws to protect against unsafe working practices and conditions for children
- Federally funded hot-lunches that feed 26 million children today in our public schools
- A separate juvenile justice system so children won't be tried and incarcerated as adults
- Labels on music recordings to help parents know which contain “explicit lyrics”
- TV ratings to help parents evaluate programs

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# Students in California

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- 6.3 Million K-12 students – more than New York and Florida combined
- The highest proportion of children with a parent who is not a high school graduate
- Latinos are almost half of all students
- About half of all students qualify for free/reduced-price meals
- A quarter of students are English learners

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# Funding for K-12 Education

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Pre-1972 ... Schools were funded through the collection of local property taxes.

Disparity in funding



# “Serrano vs. Priest”

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In 1972 the Supreme Court ruled that California’s school financing method was unconstitutional (unequal access)



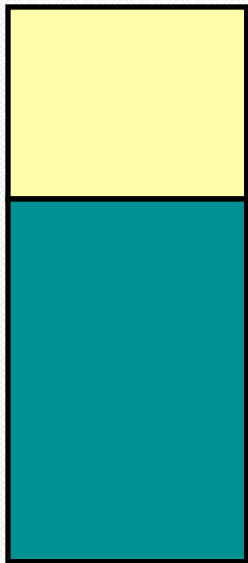
# The Legislature's response to Serrano:

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- In 1972, SB 90 Established revenue “limits”
  - ✧ The amount the state must provide a school district
  - ✧ Intent to narrow funding gap
  - ✧ Local property taxes pooled together to fund all schools in the state

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## Total State Revenue “Limit”



**State Aid (from income & sales taxes,  
other revenues)**

**Local Property Taxes**

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# Revenue Limit

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- Each district's initial revenue limit based on per pupil spending at the time (1972)
- Plan to slowly equalize each year
- Many local school districts assessed lower taxes at the time

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# Proposition 13 - 1978

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- Tax limitation initiative passed by voters
- Limits property tax to 1% assessed valuation with minimal annual increase
- California in top 5 states:
  - in school funding
  - Performance/test scores

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## Proposition 13, continued

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- Over time reduced property tax revenue available to the State
- Most State revenues are income tax and sales tax
  - Reverse of other states
  - Highly volatile
- Dependence of education on State budget means school funding more subject to economic cycles
- Schools are now funded 47<sup>th</sup> in the nation (or lower) in per-pupil expenditures

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# Per pupil spending

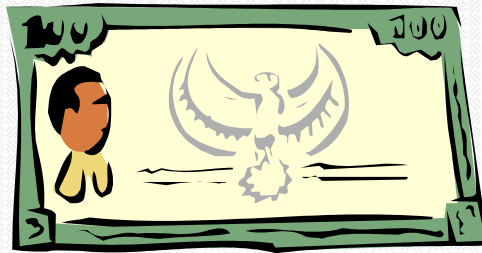
(2004-2005 National Census Bureau Survey of Local Government Finances)

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New York	\$14,119
New Jersey	\$12,979
Washington, DC	\$11,835
Vermont	\$11,572
Connecticut	\$11,267
National Average	\$8,798
California	\$8,067 <i>(\$731 below the national average) and \$5,321 below New York</i>

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- To return local control to communities, local school bond or parcel taxes with 2/3 super-majority were re-instituted in 1986

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# Proposition 98 - 1988

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Constitutional amendment “guaranteeing” that school districts will receive approximately 40% of the State’s general fund revenue.

But, the real situation is far more complicated with only a handful of technical experts and legislative staff having full understanding

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# State Revenue Types

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- “General Purpose” revenues:
  - Unrestricted - district decides how to spend
  - Must follow state guidelines
  - School board approves the budget
  - Same as “revenue limit”
  
- “Categorical” revenues
  - Must be spent on designated programs
  - Can change from year to year
  - Vary by district

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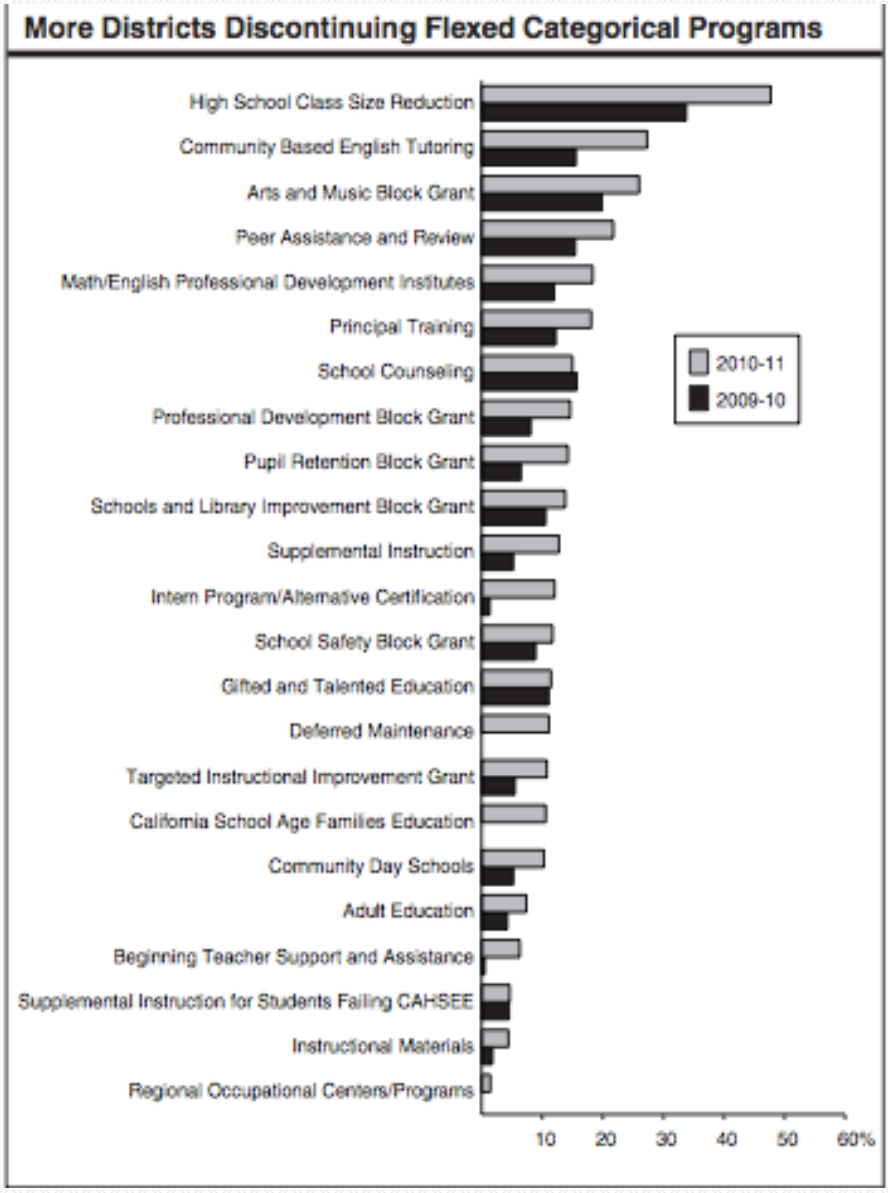
# Typical Categorical Funds

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- K-3 Class Size Reduction
- Title 1
- Special Education
- School & Library Improvement (used to be SIP)
- Beginning Teacher Support
- At-Risk Counseling
- Instructional Materials
- Art and PE (new and at risk)

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With budget cuts over the past three year, school districts are using categorical funds for basic education costs.

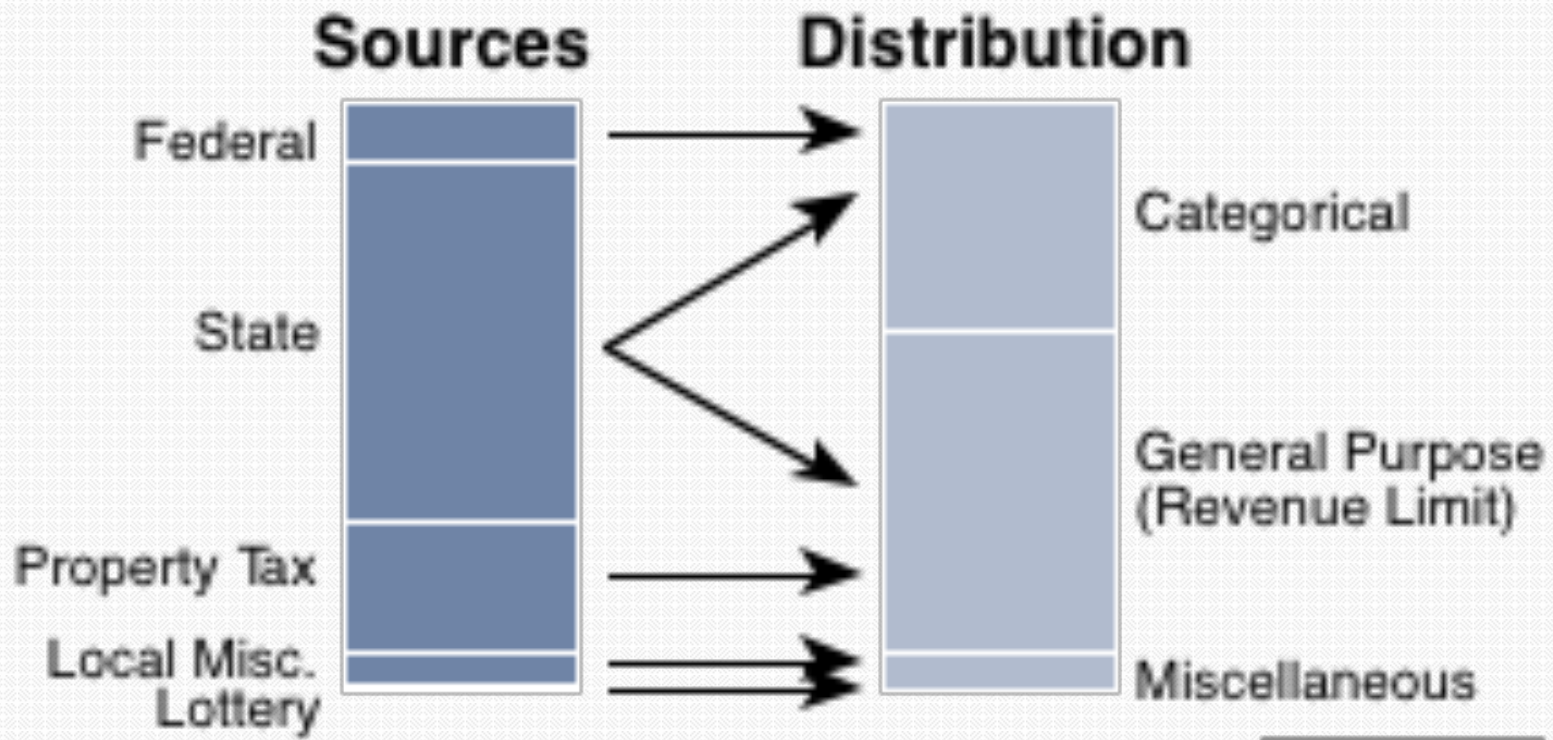


# Lottery Revenue

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- The Lottery annual contribution is 1 - 2% of the local, state and federal funding received by California's public schools

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# Total per-pupil spending

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## Expense of Education Per ADA (Average Daily Attendance) in Contra Costa County

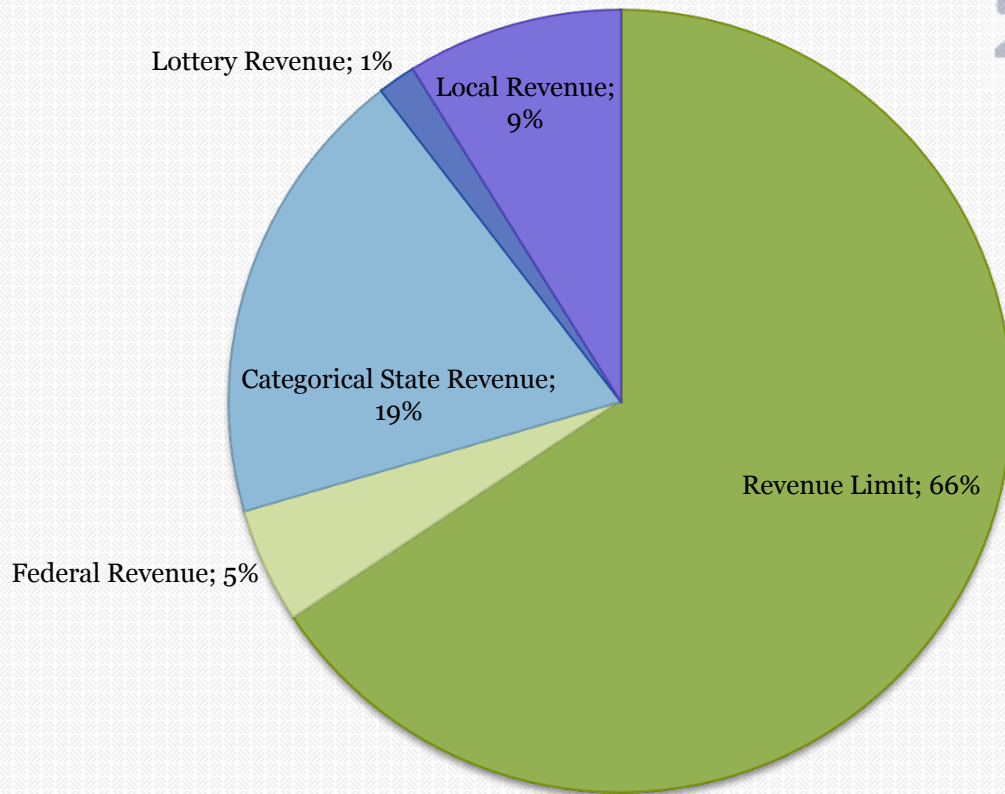
<u>District Type</u>	<u>Total</u>
Elementary Districts	\$7,923
High School Districts	\$8,944
Unified Districts	\$8,554
Countywide	\$8,484



# Contra Costa County Office of Education General Fund Revenue by Source –

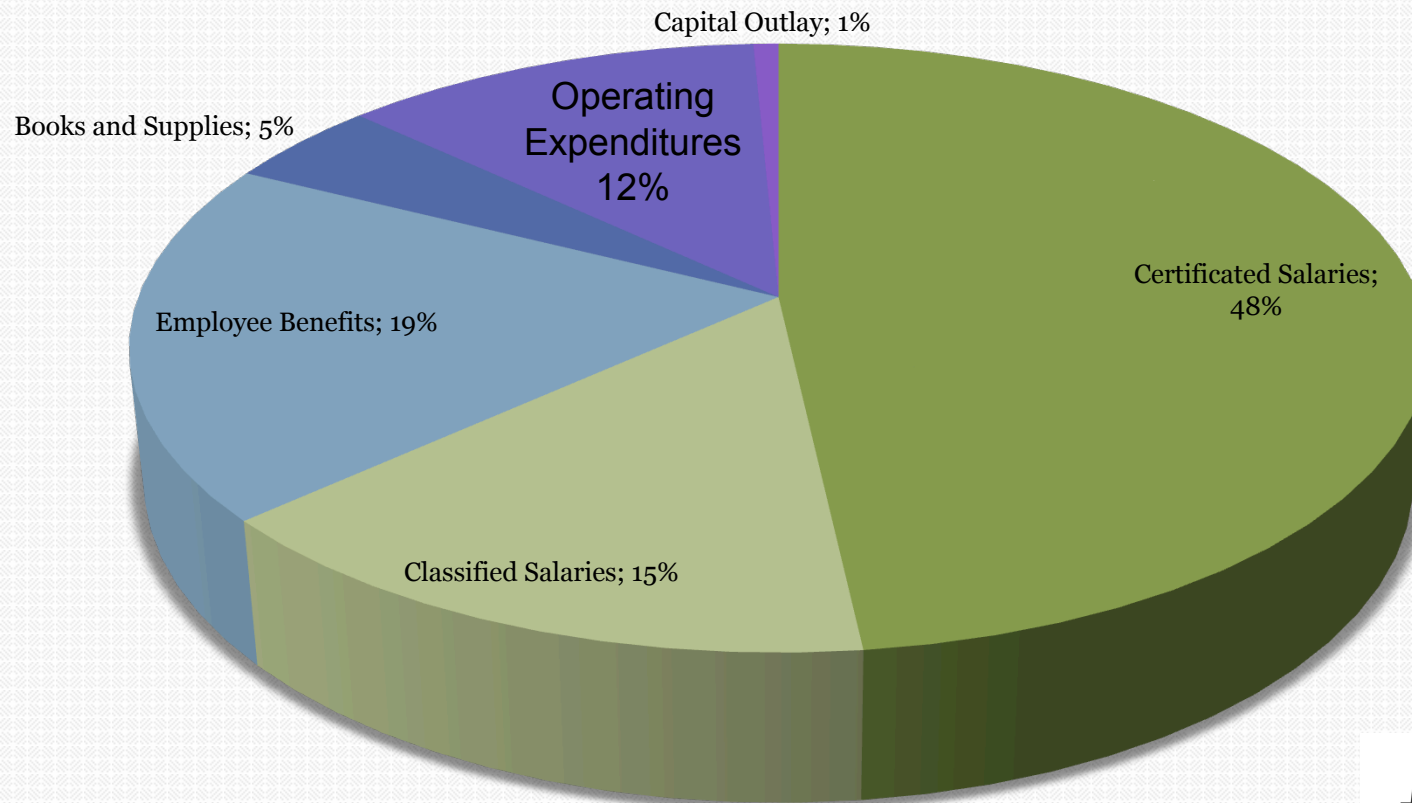
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2007-08



# Expenditures by Category

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# Other local revenue sources

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- Developer Fees
- School facilities bond
- Parcel Tax

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# School Facilities Bonds

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- Local election
- For facilities/capital improvements only
- Amount varies depending on assessed valuation
- In 2000, voters passed Proposition 39, reducing the threshold from 2/3 to 55%
  - Transformed the face of our schools

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# Parcel Taxes

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- Local election
- For any purpose designated on ballot
- Flat rate for every parcel
- Two-thirds threshold
  - Very difficult to pass

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# Public School Funding Issues

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- California's public schools are largely funded through the State
- California per-pupil expenditures are lowest in the nation
- Challenges are highest in the nation
  - English language learners
  - Achievement gap
  - Test scores
- Money isn't everything, but every school reform study says our school funding is inadequate.

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# Public School Funding Issues - 2

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- Biggest hurdle to adequate funding: 2/3 Majority threshold for:
  - Raising state revenues
  - Passing a local school parcel tax
- Only two other states have more than a 55% majority threshold (and most require only a simple majority)
- Note: Budget now only requires simple majority (Prop 25)

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# Public School Funding Issues - 3

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## Results:

- Legislature locked in a dysfunctional process that promotes political stalemate, long delays in passage of the budget, and a constant imbalance between ongoing revenues and expenditures
- Risk to children's education and preparation to compete in the global economy
- Risk to California's economic future

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# Public School Funding Issues - 4

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California State PTA supports constitutional amendments that:

- Reduce the voting margin for passage of revenue measures in the California Legislature to a 55 percent vote or a simple majority
- Reduce the threshold for passage of local school parcel taxes to 55% or lower.

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# Budget Outlook

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- Cuts to education total \$20 billion over past three years
- Past budget deficits “handled” through combination of cuts, borrowing and gimmicks
- Gimmicks backfired - State missed financial goals by \$6 billion in 2009-10
- Loan interest contributing significantly to structural deficit

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# 2011 Budget

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## Governor Brown's proposal (January)

- \$26.6 billion deficit
- Half cuts
  - \$14 billion cut by legislature in February
- Half revenues
  - Extend temporary taxes due to expire June 30
  - Severe cuts to education if this doesn't happen

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# PTA's Position on the May Revise

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- Critical need for the state to adequately invest in educating all children
- Governor's May Revise:
  - Acknowledges importance of stemming tidal wave of budget cuts that children and schools have already suffered
  - Continues to propose a balanced, responsible approach that combines cuts and revenue extensions
- PTA looks to both Republicans and Democrats to work together to negotiate a final budget plan that supports children and California's future

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# Budget Outlook

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- *Need to advocate for permanent, stable revenue increases has never been higher*

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# What Can You Do?

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- Sign up to receive Legislative Alerts from California State PTA
  - Click on button on Home page: [www.capta.org](http://www.capta.org)
- Participate in letter/phone campaigns when asked
- Send information to friends and family across CA
- Speak out about key legislative issues – letters to the editor, school board meetings, other community forums – public needs to become informed

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# Resources

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- California State PTA: [www.capta.org](http://www.capta.org)
- National PTA: [www.pta.org](http://www.pta.org)
- EdSource: [www.edsource.org](http://www.edsource.org)
- California Budget Project: [www.cbp.org](http://www.cbp.org)
- California Legislature: [www.leginfo.ca.gov](http://www.leginfo.ca.gov)
- California Department of Education Data: [www.ed-data.k12.ca.us](http://www.ed-data.k12.ca.us)
- California Legislative Analyst's Office: <http://www.lao.ca.gov/laoapp/main.aspx>



- *Strengthening the public schools requires that all Californians work together and provide support for our public school system. The priority of California must be children and public education.*
  - ✦ California State PTA Position Statement

