

REPORT OF THE CHIEF LEGISLATIVE ANALYST

DATE: February 7, 2019

TO: Honorable Members of the Rules, Elections, and Intergovernmental Relations Committee

FROM: Sharon M. Tso 
Chief Legislative Analyst

Council File No: 19-0002-S12
Assignment No: 19-01-0061

SUBJECT: California Public School Funding

CLA RECOMMENDATION: Adopt Resolution (Buscaino-Bonin-Harris-Dawson) to include in the City's 2019-2020 State Legislative Program SUPPORT of legislative and/or administrative action that would fund California public schools at the national average or higher by the year 2020, at a level that is equal to or above the average of the top 10 states nationally by 2025, and maintain at a minimum this level of funding until otherwise decreed.

SUMMARY

On January 16, 2019, the Resolution (Buscaino-Bonin-Harris-Dawson) was introduced in support of legislative and/or administrative action that would improve funding of California public schools to meet or exceed the national average. The Resolution states that California funds schools at roughly \$1,961 per student less than the national average, which translates to approximately \$3,462 per student when adjusted for California being a high-cost state. The Resolution also states that in order to close opportunity and achievement gaps and create a public school system that offers consistently high levels of education, the State Legislature must provide appropriate resources to meet student needs.

The attached Resolution recommends support of legislative and/or administrative action that would fund California public schools as follows:

- At the national average or higher by the year 2020.
- At a level that is equal to or above the average of the top 10 states nationally by 2025.
- Maintain at a minimum this level of funding until otherwise decreed.

BACKGROUND

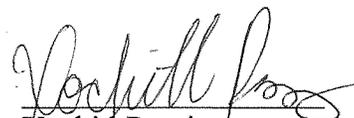
In 2018, California had the fifth largest economy in the world and the largest Gross Domestic Product (GDP) of any state in the nation. Despite California's leadership in the global economy, California is in the nation's bottom quintile on nearly every measure of public school K-12 school funding and school staffing. California ranks 45th nationally in the percentage of taxable income spent on education, 41st in per-pupil funding, 45th in pupil-teacher ratios and 48th in pupil-staff ratios.

The California public school system is among the most diverse in the nation serving approximately 6.2 million students. To provide for their education, more than 300,000 teachers work in approximately 10,000 schools in about 1,000 districts across the state. In 2018-19, California

public schools received a total of \$97.2 billion in funding from three sources: the state (58%), property taxes and other local sources (33%), and the federal government (9%). These proportions differ from many other states, where local property tax revenue covers a much larger share of school funding. Unlike most other states, California's State Constitution limits local property tax rates.

Although California's school funding has improved since 2012, district costs are rising faster than state funding. Several studies have concluded that current funding levels are insufficient to prepare all students to meet the state's academic standards. The Public Policy Institute of California notes that districts are dealing with two significant fiscal trends. First, enrollment has been declining in half of all districts. These districts lost an average of 5 percent enrollment from 2012-13 through 2017-18. Declining enrollment means less funding, but district costs typically do not fall in concert with enrollment. Second, to ensure the long-term fiscal health of the Public Employees' Retirement System (CalPERS) and State Teachers' Retirement System (CalSTRS) funds, the state is requiring districts to make larger contributions to these systems for each employee. It is estimated that by 2020 that contribution will rise, requiring districts to pay an estimated \$1 billion in increased payments over each of the next three years. These costs will consume a large share of any new state funding.

When compared with other states, California ranks low in per-student spending on public education as well as student-teacher ratios, librarians, guidance counselors and other measures. Within California, there are still huge disparities in per-student spending between school districts, despite the new Local Control Funding Formula (LCFF) adopted by the state legislature. In 2013, California implemented the LCFF, shifting from a complex system with more than 50 funding categories, to a multi-tiered formula that directs extra funding to "high need" students, which has generated proposals for tighter rules on spending.


Xochitl Ramirez
Analyst

SMT:xr

Attachment: 1. Resolution

RESOLUTION RULES, ELECTIONS, INTERGOVERNMENTAL RELATIONS

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations or policies proposed to or pending before a local, state or federal governmental body or agency must first have been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, California has the fifth largest economy in the world, and the largest Gross Domestic Product (GDP) of any state in the nation; and

WHEREAS, despite California's leadership in the global economy, the state falls in the nation's bottom quintile on nearly every measure of public K-12 school funding and school staffing; and

WHEREAS, California ranks 45th nationally in the percentage of taxable income spent on education, 41st in per-pupil funding, 45th in pupil-teacher ratios and 48th in pupil-staff ratios; and

WHEREAS, K-12 school funding has not substantially increased, adjusting for inflation, for more than a decade; and

WHEREAS, under the Local Control Funding Formula (LCFF), state funding for K-12 schools has only this recently returned to levels predating the Great Recession of 2007; and

WHEREAS, the modest revenue increases since the implementation of LCFF have been eroded by rapidly increasing costs for health care, pensions, transportation and utilities; and

WHEREAS, California funds schools at roughly \$1,961 per student less than the national average, which translates to approximately \$3,462 per student when adjusted for California being a high-cost state; and

WHEREAS, California trails the average of the top 10 states by almost \$7,000 in per-pupil funding; and

WHEREAS, to close opportunity and achievement gaps and create a public school system that offers consistently high levels of education, the State must provide appropriate resources to meet student need

NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2019-20 State Legislative Program SUPPORT for any legislative or administrative action that would fund California public schools at the national average or higher by the year 2020, and at a level that is equal to or above the average of the top 10 states nationally by 2025 and to maintain, at a minimum, this level of funding until otherwise decreed.

PRESENTED BY: _____

JOE BUSCAINO
Councilmember, 15th District

SECONDED BY: _____

JAN 16 2019