

# REPORT OF THE CHIEF LEGISLATIVE ANALYST

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DATE: February 11, 2019

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

FROM: Sharon M. Tso  Chief Legislative Analyst Council File No: 19-0002-S26  
Assignment No: 19-02-0127

SUBJECT: Funding for K-12 education in California.

CLA RECOMMENDATION: Adopt Resolution (O'Farrell – Martinez) to include in the City's 2019-2020 State Legislative Program SUPPORT for Governor Newsom's Proposed California Budget for Fiscal Year 2019-20 relative to K-12 education, and SUPPORT for other legislation or administrative action that would provide additional funding to local school districts and increase the transparency on the use of those funds.

## SUMMARY

Governor Newsom's 2019-20 State budget proposal includes \$60.5 billion in expenditures for K-12 education, representing 29% of the \$209 billion total statewide expenditures including special funds and bond funds. The General Fund expenditures for K-12 education total to \$58.7 billion, which represents 40.7% of the \$144.2 billion total statewide General Fund expenditures. These figures represent an increase over previous years' funding.

The Resolution recommends support for Governor Newsom's Proposed California Budget for FY 2019-20 relative to K-12 education, and SUPPORT for other legislation or administrative action that would provide additional funding to local school districts and increase transparency regarding the use of those funds.

## BACKGROUND

The appropriate funding amount for K-12 education is partly determined by a funding formula instituted by Proposition 98, a 1988 ballot initiative. Proposition 98 guarantees K-12 schools and community colleges a minimum level of funding from state and local property taxes. The funding formula is altered slightly on a near-yearly basis by the State legislature. Proposition 98 is designed to increase education funding each year by either: (1) funding K-12 and community college education at its 1986-87 proportion of General Fund (known as Test 1), (2) applying growth in average daily attendance (ADA) and growth in per capita personal income to the prior year Proposition 98 funding level (known as Test 2), or (3) applying growth in ADA and growth in per capita General Fund to the prior year Proposition 98 funding level (known as Test 3).

The Proposition 98 funding level for 2019-20 represents an increase of \$2.8 billion over 2018-19. The Proposition 98 funding levels for the 2017-18 and 2018-19 fiscal years declined from 2018 Budget Act levels by \$120.1 million and \$525.7 million, respectively, due largely to lower-than-

anticipated ADA and a year-over-year decline in General Fund revenue growth from 2017-18 to 2018-19.

Total K-12 per-pupil expenditures from all sources (beyond the minimum Proposition 98 minimum) are projected to be \$16,857 in 2018-19 and \$17,160 in 2019-20—the highest level ever. Ongoing K-12 per-pupil expenditures of Proposition 98 funds are \$12,003 in 2019-20, an increase of \$435 per pupil over the level provided in 2018-19. In spite of these increases, California continues to rank poorly in K-12 per-pupil expenditures once cost-of-living is factored in.

The recent United Teachers of Los Angeles (UTLA) strike ended with short-term contract between UTLA and Los Angeles Unified School District (LAUSD). Some of the terms of this agreement include a reduction in maximum class sizes; joint advocacy between UTLA, LAUSD, and the Mayor's Office for increased County and State funding for education; a hiring plan to provide for full-time nurses at every school five days a week; salary increases; and testing reductions. While Governor Newsom's increases to K-12 education funding in his FY 2019-20 Proposed Budget will provide some relief to LAUSD schools, the Resolution (O'Farrell – Martinez) notes that K-12 education funding formulas are failing to adequately provide California school districts, LAUSD included, adequate funding to address real-world concerns. These funding inadequacies create material conditions similar to those that led to the recent UTLA strike.



Tristan Noack  
Analyst

SMT:tcjn

Attachment: Resolution

RESOLUTION

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 have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, the Los Angeles Unified School District Teachers Strike concluded with an agreement in January 2019 which in part called for increased State funding for education; and

WHEREAS, Governor Newsom's 2019-20 State budget proposal includes \$60.5 billion in expenditures for K-12 education, representing 29% of the \$209 billion total statewide expenditures including special funds and bond funds; and

WHEREAS, the minimum funding amount for K-12 and community college funding in the State budget is determined by a funding formula created by Proposition 98, a 1988 ballot initiative; and

WHEREAS, the Proposition 98 minimum guarantee formula is changed frequently in an attempt to address repeated funding concerns for K-12 and community college education in California; and

WHEREAS, despite the legislature's attempts to improve the Proposition 98 formula, K-12 public education funding in California continues to be fundamentally insufficient to address real-world concerns, which leads to short-term contracts similar to the one agreed upon by the Mayor, Los Angeles Unified School District, and United Teachers of Los Angeles; and

WHEREAS, some of the funding increases in the Governor's proposed budget include additional funding for special education programs, funding to allow California schools to provide universal full-day kindergarten, pension liability relief, educational data system coordination, and additional support for students from low-income families, English language learners, and youth in foster care; and

WHEREAS, the increases to K-12 education funding in the Governor's proposed budget are commendable, but California continues to rank poorly in per-pupil spending when cost of living is factored in; and

WHEREAS, the public would benefit from additional transparency and oversight for the allocation of the budgeted funds for education;

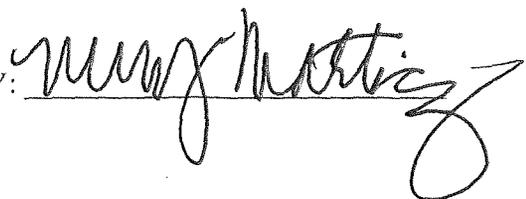
NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles hereby includes into its 2019-2020 State Legislative Program SUPPORT for Governor Newsom's Proposed California Budget for Fiscal Year 2019-20 relative to K-12 education, and SUPPORT for other legislation or administrative action that would provide additional funding to local school districts, providing them the variety of resources our children in public education deserve, and increase the transparency on the use of those funds.

PRESENTED BY:



MITCH O'FARRELL  
Councilmember, 13<sup>th</sup> District

SECONDED BY:



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FEB 06 2019