



CALIFORNIA BUDGET PROJECT

# Education Finance in California:

## How the State Budget Affects Schools

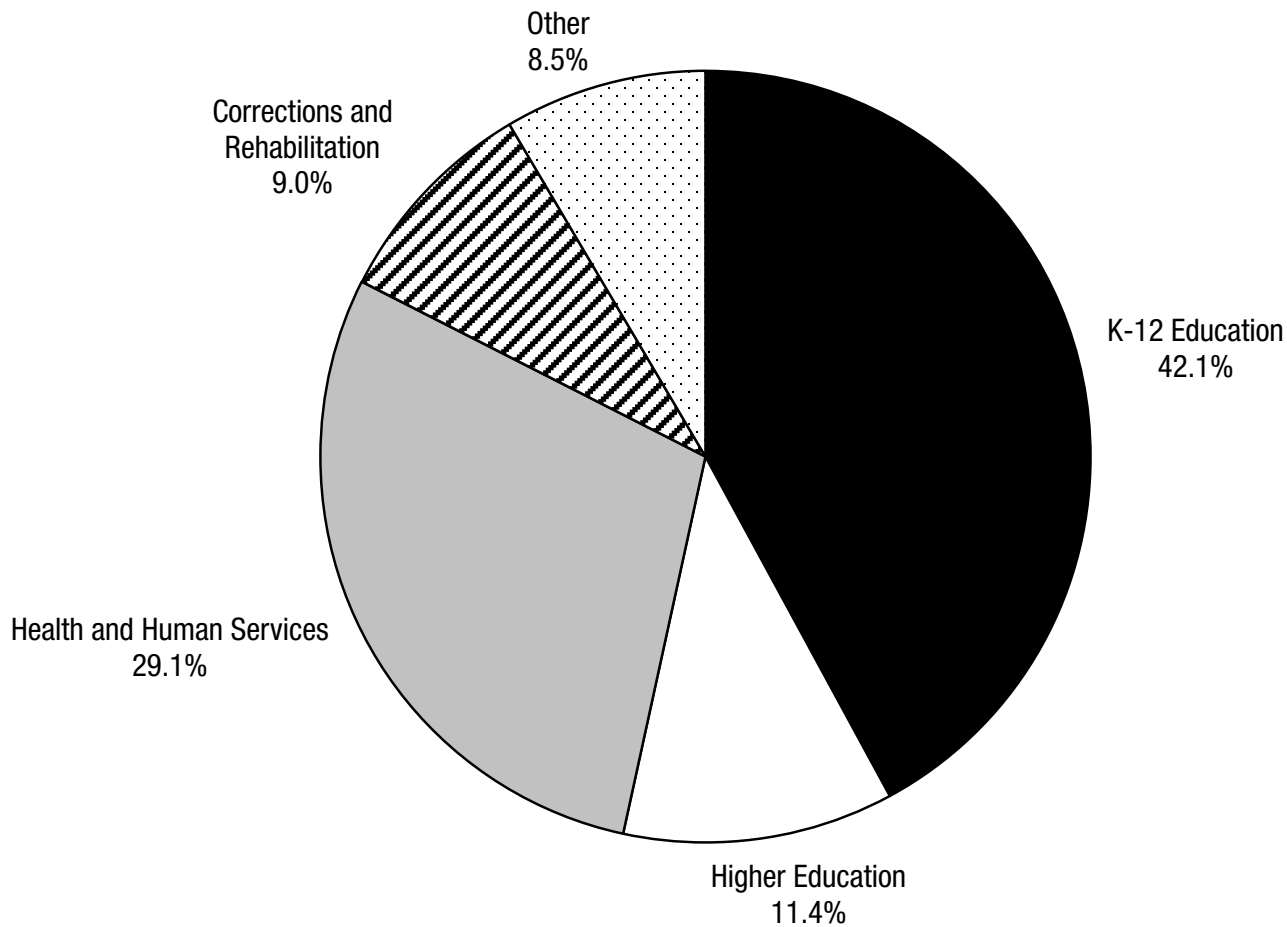
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A PRESENTATION BY  
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April 2013

# A Quick Quiz

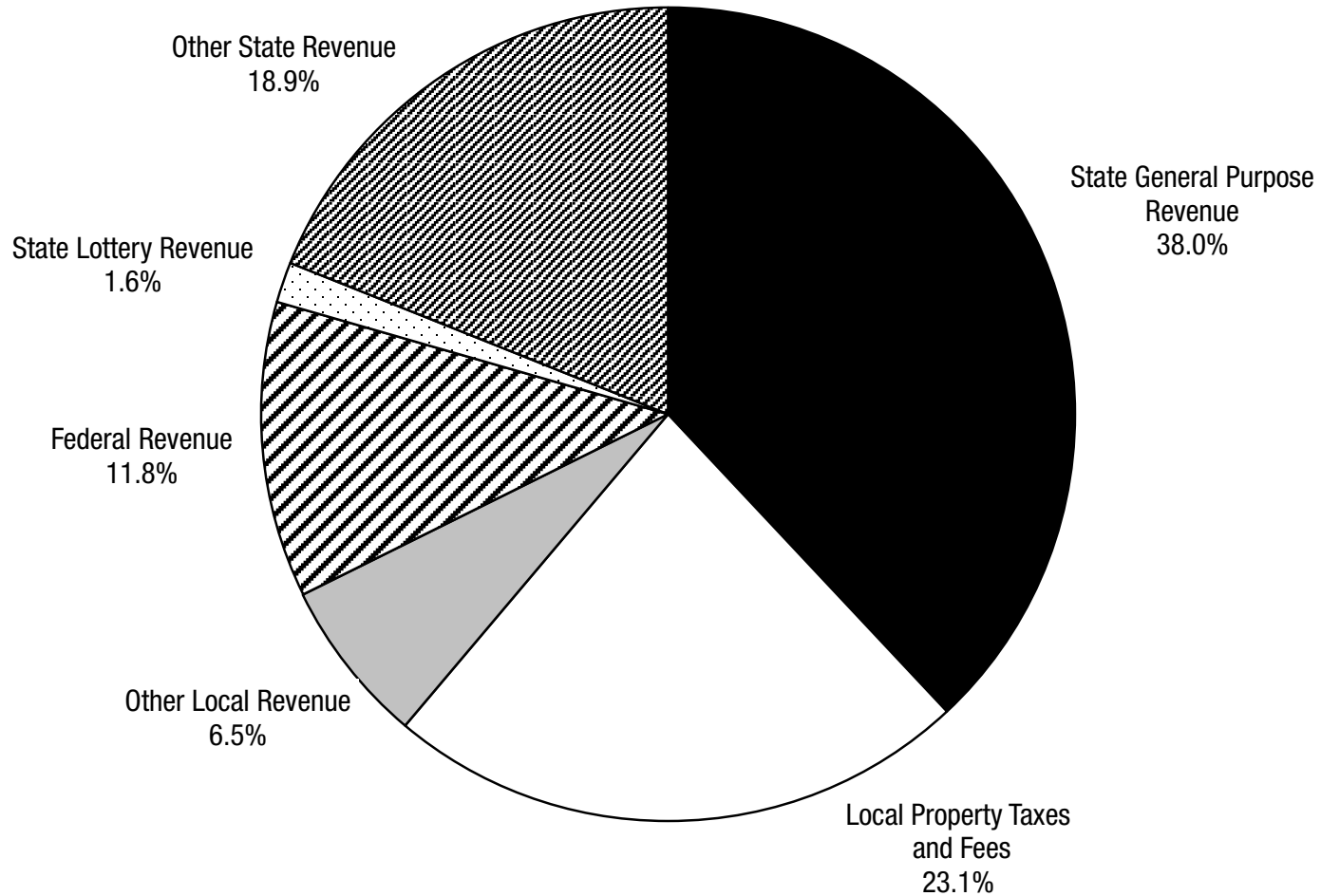
- How much would you say you know about how your state and local governments spend and raise money – a lot, some, very little, or nothing?
- Which of the following represents the most spending in the state budget?
  - Health and human services;
  - Prisons and corrections;
  - K-12 public education; or
  - Higher education.

# More Than Four Out of Five State General Fund Dollars Support Education or Health and Human Services



Proposed 2013-14 General Fund Expenditures = \$97.7 Billion

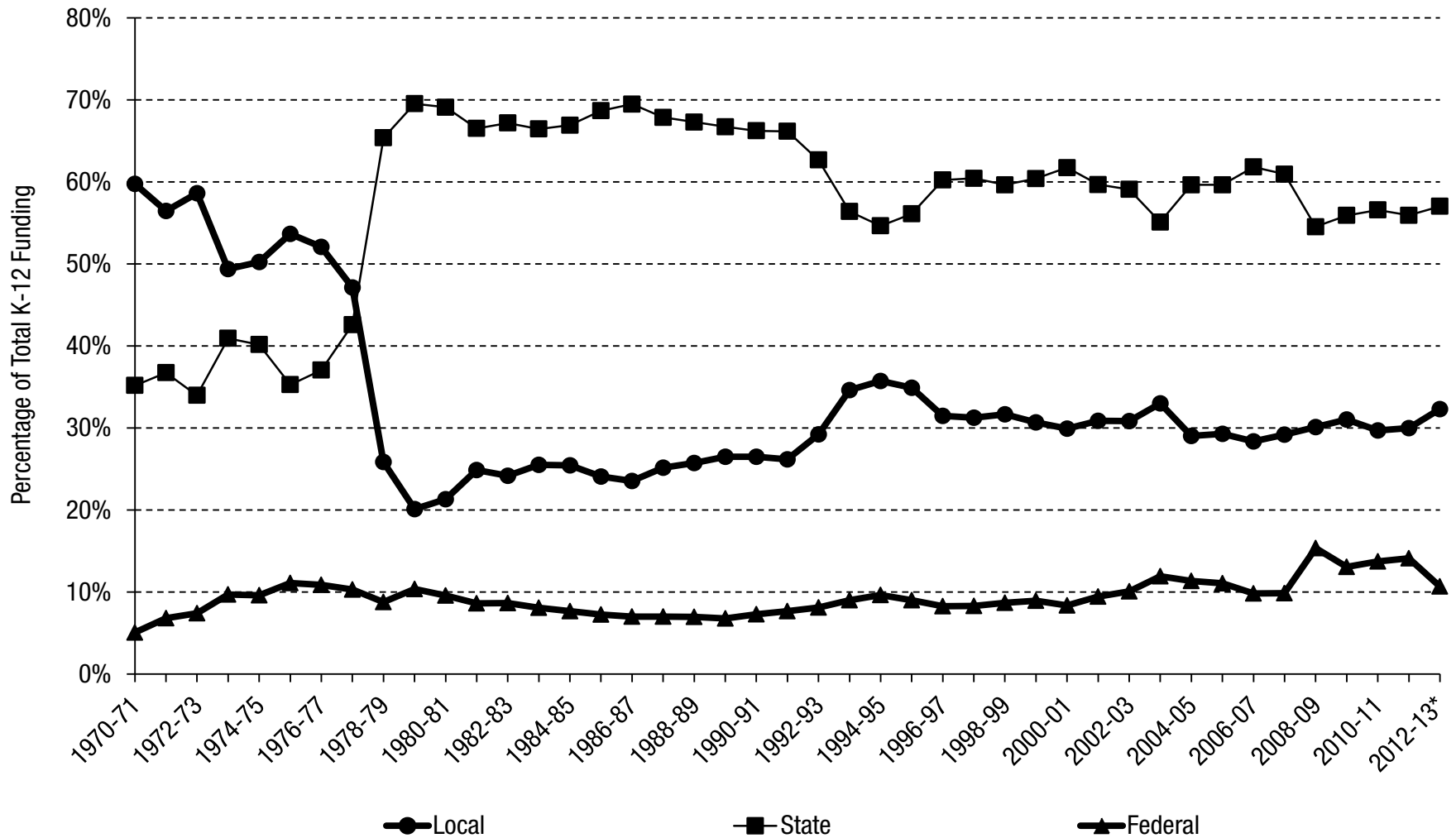
## School Districts Received More Than Half of Their Revenues From the State in 2010-11



2010-11 K-12 District Revenues = \$50.6 Billion

Note: Only includes revenues in school districts' general funds. Percentages do not sum to 100 due to rounding.  
Source: Education Data Partnership

## Since 1978-79, California's K-12 Schools Have Received a Larger Share of Their Funds From the State and a Smaller Share From Local Property Tax Revenues



\* 2011-12 and 2012-13 estimated.  
Source: National Education Association

# Why Schools Feel State Budget Crunches

- California spends the largest share of its General Fund budget on K-12 schools.
- More than half of school revenues come from the state.

# Schools Receive Two Types of Revenues

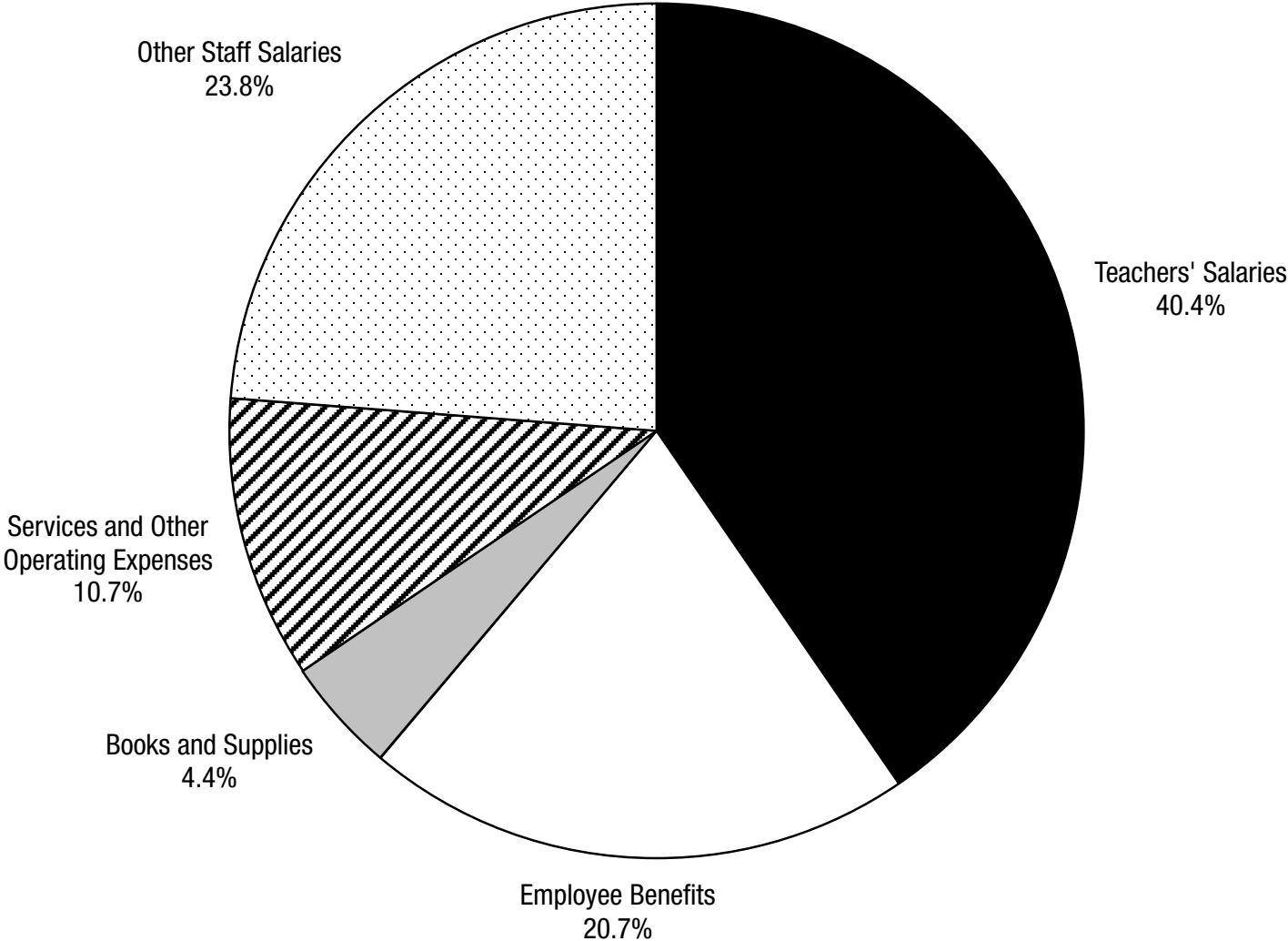
- **Unrestricted dollars** can be used for any purpose.
- **Restricted dollars** are “earmarked” for specific purposes such as special education or professional development.

# How Do Schools Spend Their Dollars?

- Schools spend most of their dollars on staff salaries and benefits.

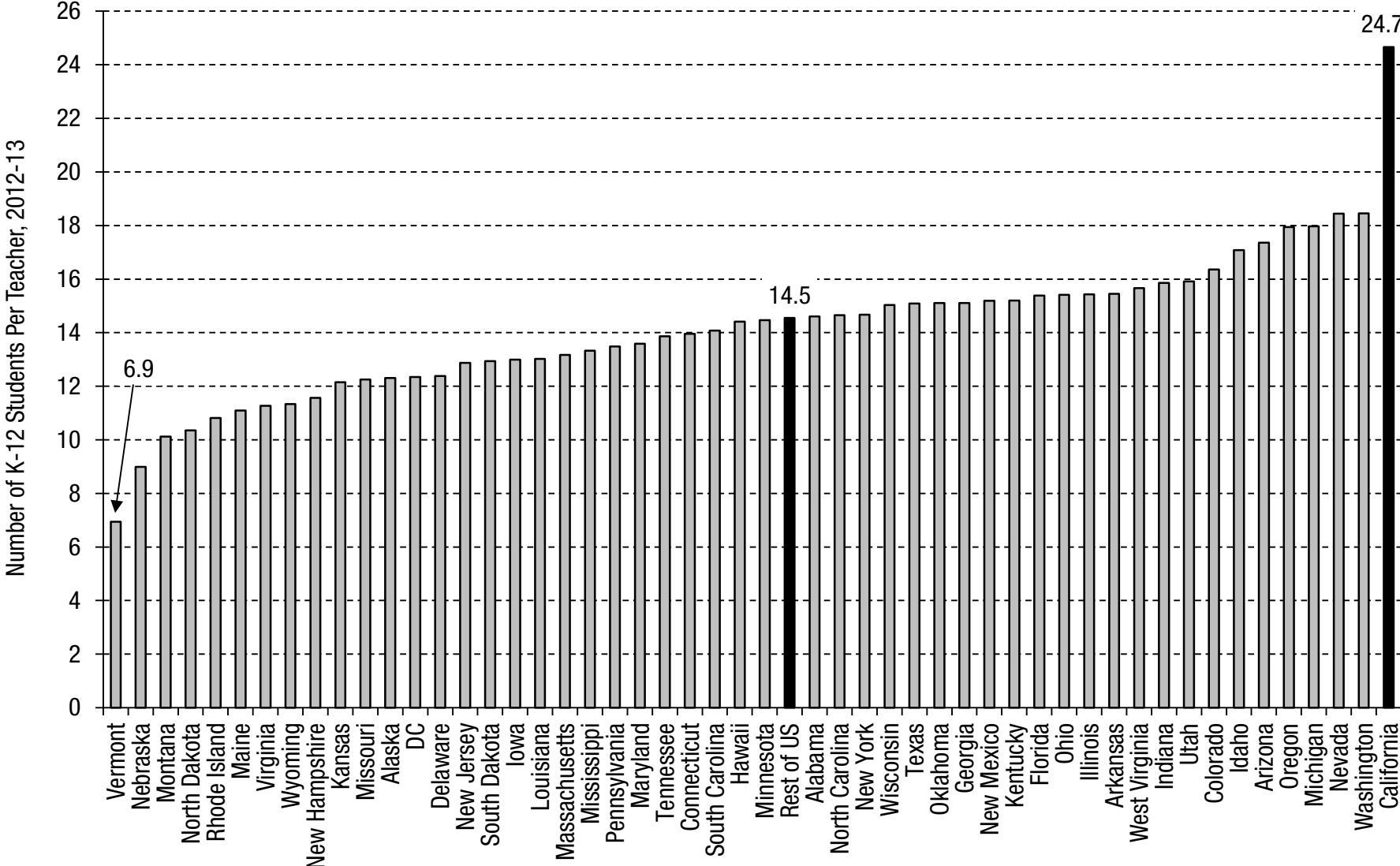


# More Than 80 Percent of Statewide Spending for Schools Supported Salaries and Benefits in 2010-11

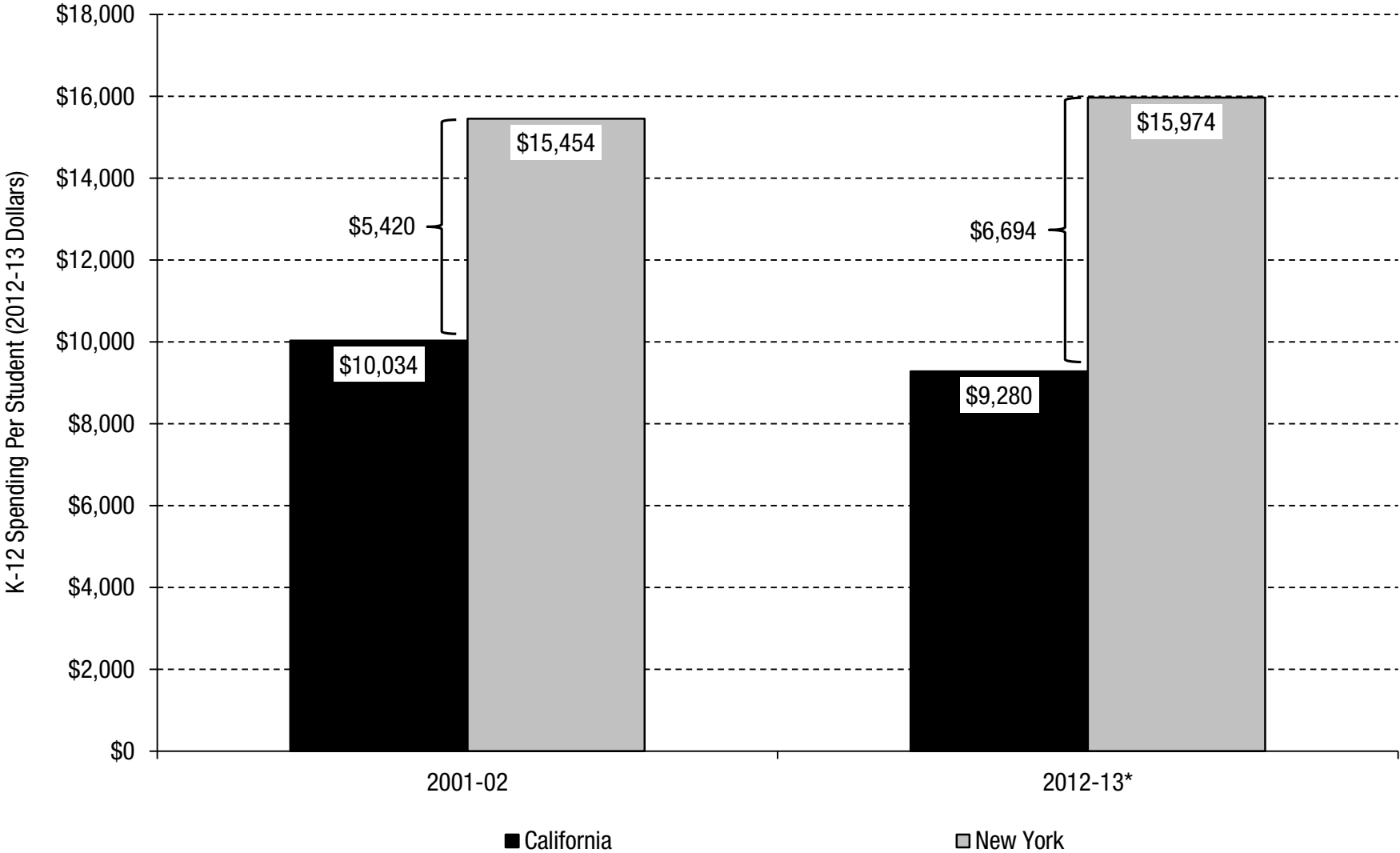


Note: Expenditures from school districts' general funds. Excludes spending for capital projects, other outgo, and transfers of indirect costs.  
Source: Education Data Partnership

# California Has the Highest Number of K-12 Students Per Teacher



# The Gap in Spending Per Student Between California and New York Has Widened Since 2001-02

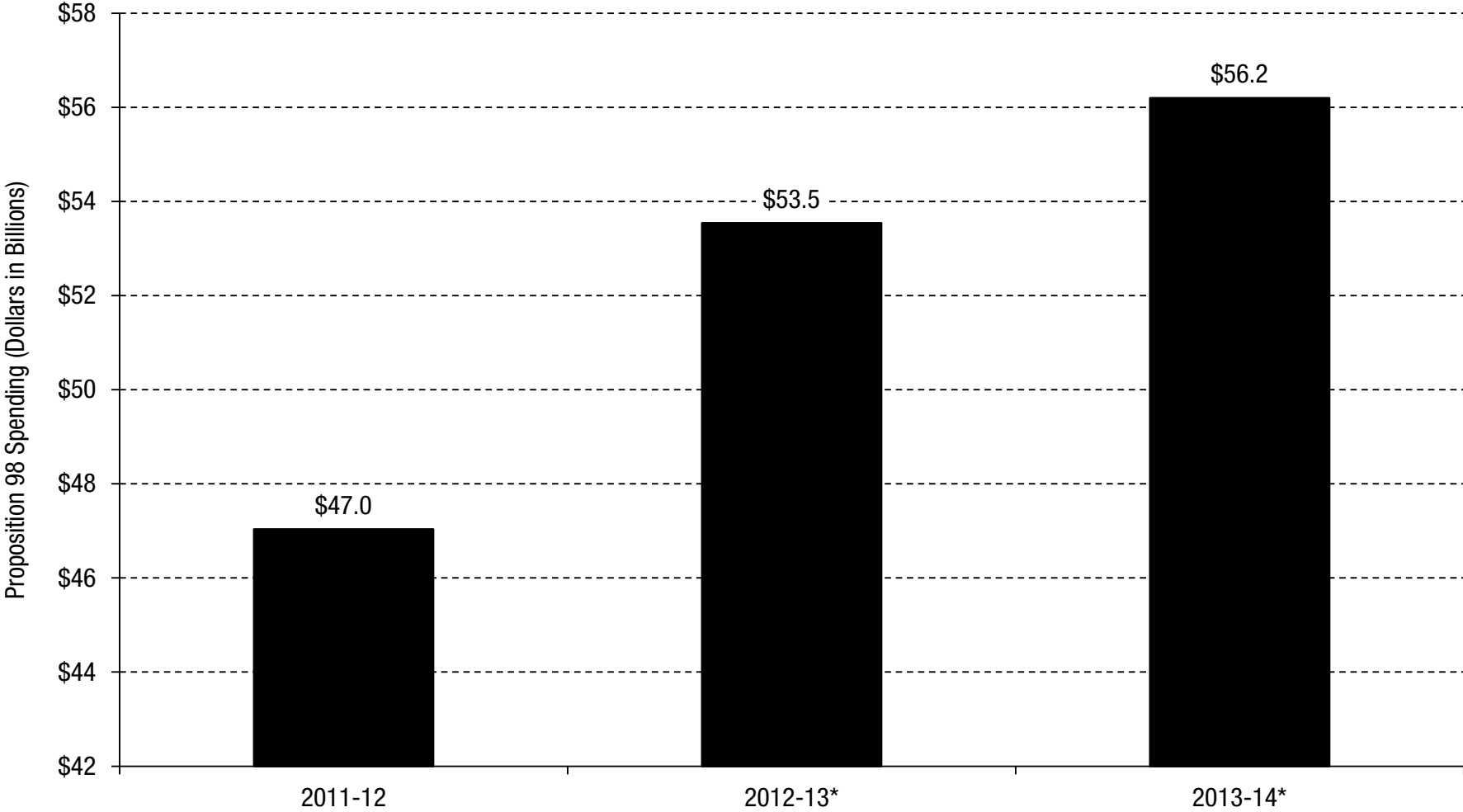


\* 2012-13 estimated.  
Source: National Education Association

# Voter Approval of Propositions 30 and 39 Boosts State Spending for Schools

- The Governor estimates that Propositions 30 and 39 will increase state General Fund revenues by nearly \$6 billion in 2012-13 and by \$7.2 billion in 2013-14.
- Because increases in General Fund revenues tend to boost the state's Proposition 98 minimum funding guarantee for schools and community colleges, Proposition 98 spending would increase by nearly one-fifth (\$9.2 billion) between 2011-12 and 2013-14 under the Governor's proposed 2013-14 budget.

# Proposition 98 Spending Would Increase by Nearly One-Fifth Between 2011-12 and 2013-14 Under the Governor's Proposal Due to Voter Approval of Propositions 30 and 39



\* 2012-13 estimated and 2013-14 proposed.

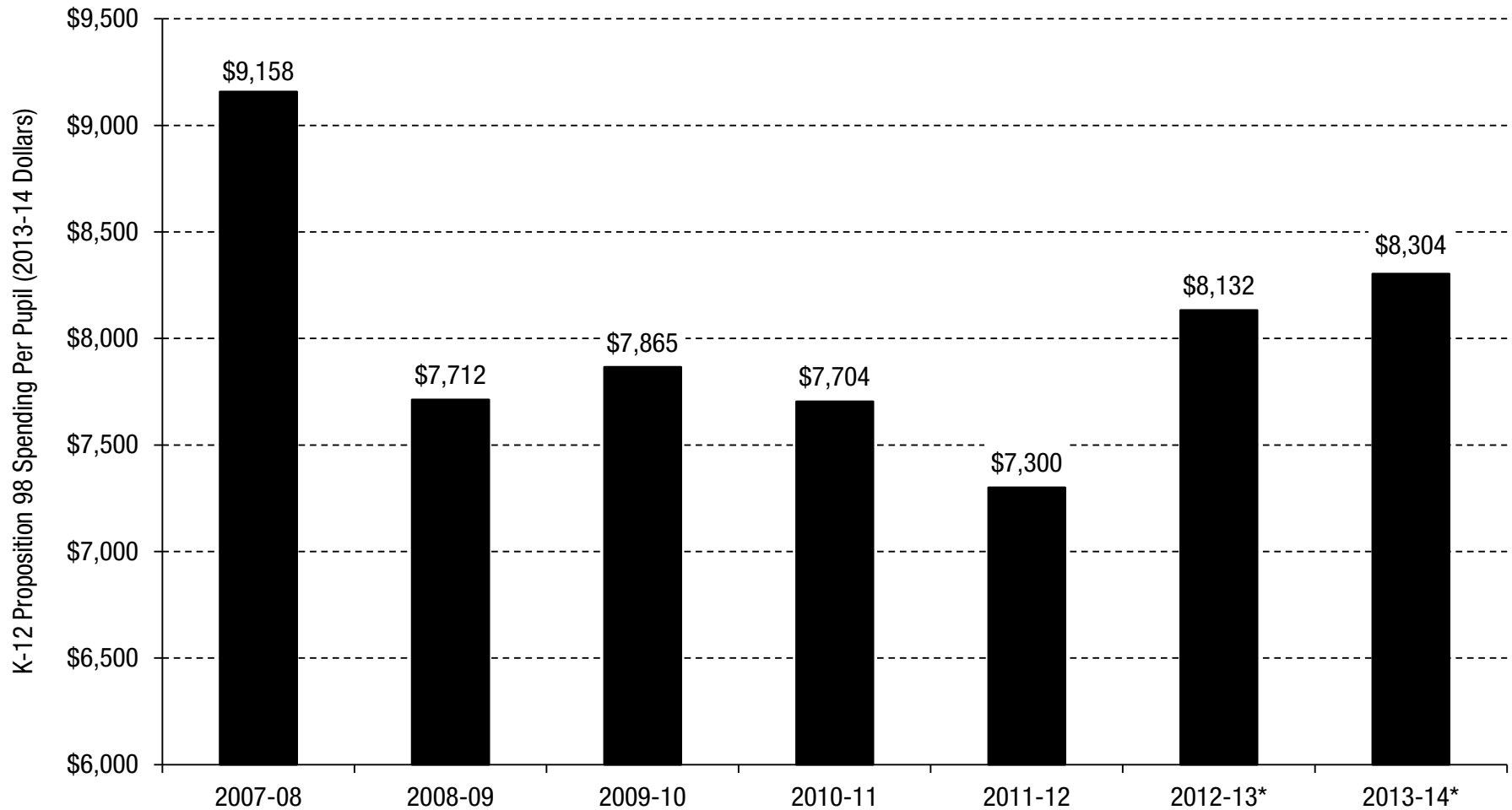
Note: Proposition 98 spending includes both state General Fund and local property tax dollars.

Source: Legislative Analyst's Office

# Spending Per Student Rises Due to New Revenues, But Still Faces a Long Climb Back

- While K-12 Proposition 98 spending under the Governor's proposal would increase by \$1,000 per student between 2011-12 and 2013-14, it would remain more than \$850 *below* the 2007-08 level, after adjusting for inflation.

## Spending Per Student Would Increase in 2013-14 Under the Governor's Proposal, But Remain Significantly Lower Than the 2007-08 Spending Level, After Adjusting for Inflation



\* 2012-13 estimated and 2013-14 proposed.

Note: Excludes child care and includes preschool spending. Proposition 98 spending reflects both state General Fund and local property tax dollars.

Source: Legislative Analyst's Office

# The Governor Proposes a School Funding Formula Based on the Cost of Educating Students

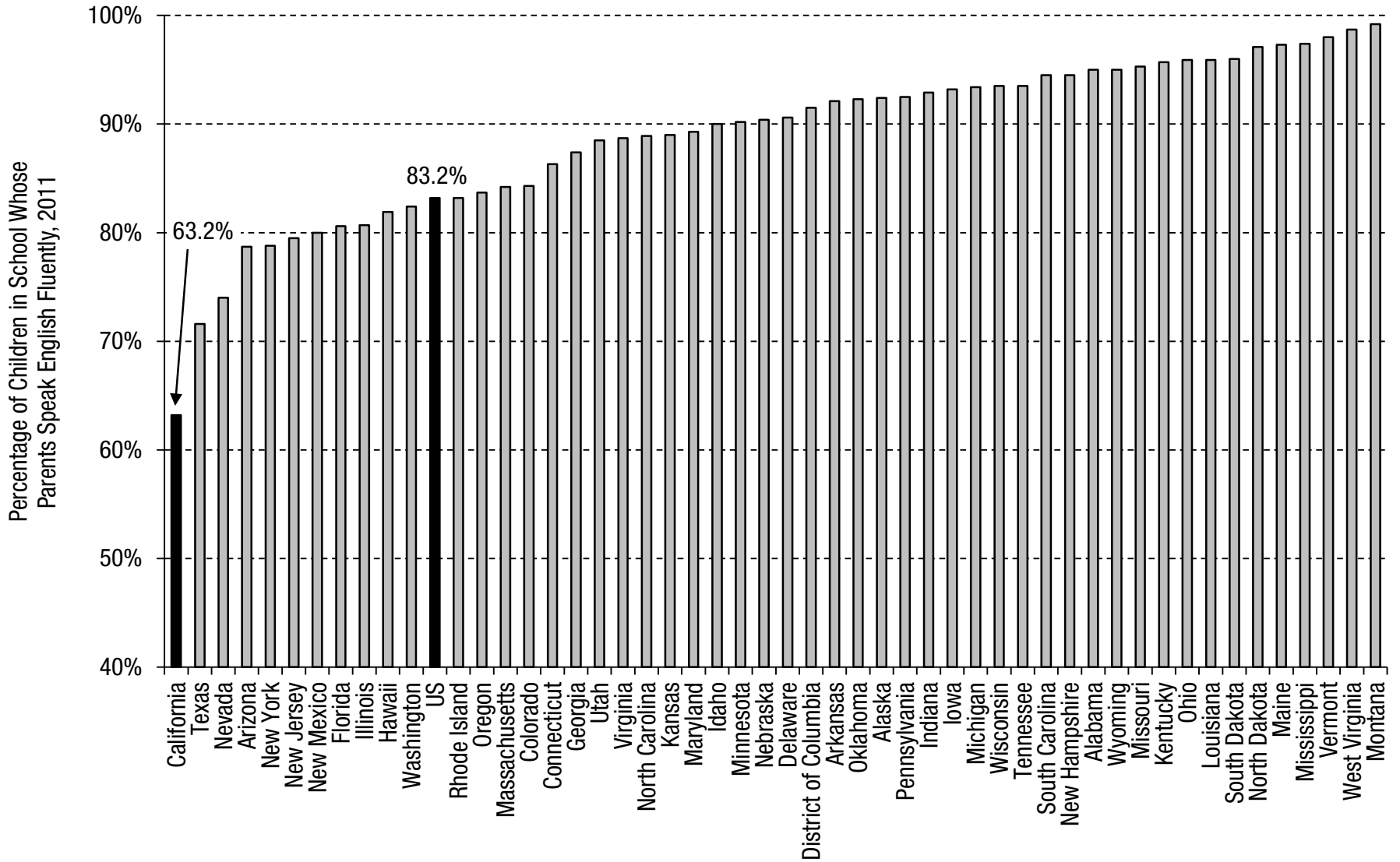
- The Governor proposes to eliminate nearly all programs earmarked for specific purposes (so-called “categorical” programs), consolidate funding with state general purpose revenues, and create a new “Local Control Funding Formula.”
- The new funding formula would provide school districts with a base grant per student, depending on a student’s grade level, and with supplemental and concentration grants based on each district’s proportion of English learners and economically disadvantaged students.
- The Governor proposes to implement the new funding formula during a seven-year period.



# California's Schools Educate a Large and Diverse Student Population

- California's K-12 public schools enroll 6.2 million students in more than 1,000 school districts.
- A large share of California's students come from low-income families or have parents who do not speak English fluently.
- Research shows that to achieve the state's academic standards, English learners and economically disadvantaged students require additional resources.

# California Has the Lowest Share of Children in School With English-Speaking Parents



# Resources for Education Finance Information

- California Budget Project
  - [www.cbp.org](http://www.cbp.org)
- EdSource
  - [www.edsource.org](http://www.edsource.org)
- EdData: Education Data Partnership
  - [www.ed-data.org](http://www.ed-data.org)
- Legislative Analyst's Office
  - [www.lao.ca.gov](http://www.lao.ca.gov)