



# A CALL TO ACTION

SCHOOL FUNDING COALITION • AUGUST 2017

## The Challenge

### POST-LOCAL CONTROL FUNDING FORMULA REQUIRES AN ASPIRATIONAL TARGET

California is the nation's most populous and wealthiest state. Few can argue it is the most progressive and technologically advanced. It is rated third by US News & World Report in economic stability and potential and tenth in providing health care and access.

One ranking, however, is not so laudable - how it funds its public education system. Depending with which ranking system you agree, California ranks as high as 23rd to as low as 46th in the nation in how it funds the education of its six million schoolchildren. **California is failing to fund education commensurate with its status among the nation's wealthiest and most economically stable states.**

## The Proposal

### SCHOOL FUNDING COALITION MEMBERS WILL URGE STATE LAWMAKERS TO:

- Boost the LCFF base grant and honor the state Constitution by establishing an aspirational funding target that will move California public education funding into the top ten states.
- Resist the creation of new categorical programs.
- Protect and maintain the Local Control Funding Formula's (LCFF) principles of local control and accountability.

## Why the School Funding Coalition?

An effort of this magnitude will require a multi-year approach. We will work together and utilize our advocates from School Services of California to mobilize education stakeholders, legislators, and others to garner support for legislation to accomplish these goals.

## Proposition 98's Constitutional Promise

In 1988, California voters enacted Proposition 98, which was intended to establish a minimum funding level guarantee for its public education system. The law explicitly added two fiscal and policy goals to the State Constitution:

- California would provide its public education system with funding levels commensurate with the top 10 states in the nation.
- Average class sizes in California would be equal to or less than the average class size of the 10 states with the lowest class sizes for elementary and high schools.

## How does California compare?

Education Week's Quality Counts 2017, ranked California 46th in the nation on per-student funding.

### US Department of Education data ranks California:

- Third highest student-to-staff ratio
- Second highest student-to-counselor ratio
- Highest student-to-teacher ratio in the nation

Since Prop 98 became law, the state has fallen short on both of these goals. In the last 30 years, rarely has the state provided funding above the Prop 98 minimum guarantee. Rather, it has manipulated the formula resulting in the underfunding of public education over time and minimal progress toward attainment of the state Constitution's goals.

## Local Control Funding Formula – Past, Present and Future

In 2013, after years of devastating funding cuts to public education, and as the result of California's improving economy, the state overhauled its school finance system and enacted the LCFF. In addition to establishing an eight-year goal to restore school district funding to its 2007-08 funding level, the law provided enhanced funding for the state's vulnerable student populations and granted greater discretion over how LEAs can allocate funding. Since its inception, the state has aggressively pursued its goal of achieving full funding of the LCFF and the Department of Finance projects the LCFF will reach 97% of the targets in 2017-18.

The Legislative Analyst's Office (LAO) projects that under a state revenue growth scenario, the state could fully fund the LCFF as soon as 2018-19. The LAO further notes:

- "In this and subsequent years, growth in Prop 98 funding would be more than sufficient to cover the LCFF targets as adjusted for changes in attendance and cost of living."
- "Under the growth scenario, after supporting LCFF, the Legislature would have an additional \$1.5 billion to \$2.5 billion per year to spend on other Prop 98 priorities."

## Post LCFF Funding Challenges – New and Mandated Fixed Costs

LEAs across the state are once again making deep cuts, resulting from inadequate base funding to pay for new and mandated fixed costs such as:

**CalSTRS/CalPERS:** Compared with 2013-14 levels, total LEA contributions are anticipated to be nearly \$6 billion higher by 2020-21. LCFF base funding is the only source of funding to pay for these fixed costs.

**Special Education:** The fast growing cost of special education is also eroding LEA base funding and the state has not increased funding for this federally-mandated program since the late nineties. Over the past ten years, on average, special education expenditures by school districts are rising 6% annually, primarily due to the increase of students who require costly interventions. LCFF base funding is used to backfill increased expenditures. Adequate Special Education funding requires work at the state and federal levels.

## Other Increasing Fixed Costs Pressing on LCFF Base Funds:

- Costs linked to educational reforms such as, but not limited to: Common Core State Standards, Smarter Balanced Assessments, and Next Generation Science Standards
- Health care premiums
- Minimum wage increases as required by state and federal statutes
- Technology required to support new standards and assessments
- Class size reduction and related facility costs

## Aspirational Funding Target for LCFF

Once the LCFF is fully implemented, there is no plan for how Prop 98 funding increases will be allocated to schools.

**A new model with an aspirational growth target is required to:**

- Attain Prop 98's Constitutional promise
- Fund the new fixed costs

*Partner with us to mobilize education stakeholders toward aspirational funding of California schools.*