



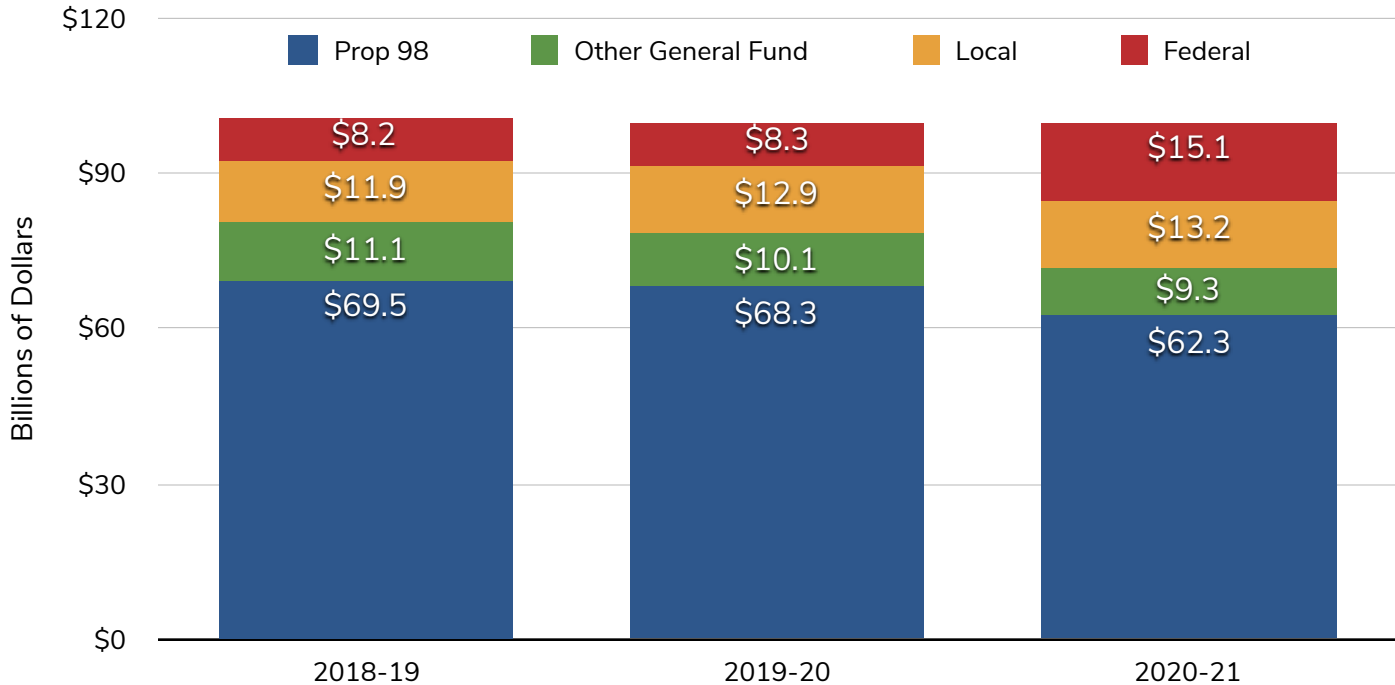
## CALIFORNIA BUDGET BASICS

# K-12 Education

The level of state funding for K-12 is based on **Proposition 98**, which was passed in 1988 and establishes an annual minimum funding guarantee for both K-12 and community colleges (referred to collectively as K-14 education). The amount of the guarantee is calculated using a complex formula, but is generally dependent on how much General Fund revenue the state receives each year—the minimum funding level will be higher in years when revenue is higher, and vice versa.

Due to the state's low property taxes, California schools rely more heavily on state funding than the national average. Prop 98 enables school funding to keep pace with economic growth and enrollment—the latter of which is expected to be essentially flat or even decline over the next five years. Districts receive funding for K-12 students based on average daily attendance (ADA).

K-12 Funding by Source



Data from the Legislative Analyst's Office

Funding for K-12 education is allocated according to the **Local Control Funding Formula (LCFF)**, which gives each school district a base grant that is then augmented based on the number of English-learners, low-income students, and youth in foster care in a given district. The state has allocated over \$24.6 billion in additional ongoing resources through the formula since its enactment in 2013. A [recent study](#) found that the increased revenue through the LCFF improved graduation rates: a \$1,000 increase in district per-pupil revenue from the state in grades 10-12 led to a 5.3% increase in high school graduation rates, on average. Prior to the establishment of the LCFF, K-12 funding was allocated through a complex system in which the legislature decided how money would be spent rather than leaving it to the districts to decide where funding is most needed.

## WHAT'S IN THE 2020-21 BUDGET

General Fund revenues are significantly lower than originally anticipated in the Governor's January budget proposal as a result of the pandemic and recession. As the funds made available through Prop 98 for K-14 schools (K-12 schools and community colleges) are directly tied to General Fund revenue, this has translated to a significantly lower funding guarantee of \$70.5 billion for California K-14 schools in 2020-21—\$13.6 billion below levels assumed in January.

The enacted budget was a compromise between proposals from the Governor and the Legislature. The governor proposed additional \$6.5 billion cut to base funding for K-12 education that amounts to a 10% reduction that would be triggered if no additional federal funds are provided. Alternatively, the Legislature proposed no trigger cuts but, should no federal funds materialize, did call for a portion of the funding that the governor would have otherwise cut to instead be converted to a deferral, which would preserve funding for current programs at the 2019 level. The advantage of these IOUs, known as **deferrals**, is that districts wouldn't have to cut their budgets; they could count on the money, but it would be delivered late. Until districts are paid back, they would be forced to borrow money short-term—from their own reserve funds (if they have a sufficient amount), from county offices of education (those that are willing), or from private lenders, at interest rates that would vary based on risk.

In order to prevent steep cuts to K-12 education funding, the Governor and Legislature have agreed on the following measures in the final budget:

- ▶ **\$11 billion in deferrals** — if Congress provides \$14 billion to California through the proposed HEROES Act, deferrals and some additional cuts could be reversed
- ▶ **\$6.3 billion in federal funds**, primarily through federal funds already appropriated by the CARES Act in March, to address coronavirus needs and learning loss that must be spent by December 31, 2020
- ▶ **\$2.3 billion in funding relief to pension funds** CalPERS and CalSTRS over two years
- ▶ **\$645 million more for special education**
- ▶ **\$100 million to restore funding for after school programs** critical for low-income working parents

Other features of the final budget as it relates to K-12 education funding:

- ▶ **No layoffs in 2020-21** for teachers and classified employees who provide janitorial, nutrition, and transportation services
- ▶ **Per-student funding will be guaranteed at 2019-20 rates** before the onset of COVID-19, and districts must offer a full year of instruction (180 days for public districts; 175 days for charter schools) and document daily student participation

## K-12 KEY FACTS

- ➔ **District Size:** The smallest district (Panoche Elementary in San Benito County) serves 3 students and the largest district (Los Angeles Unified School District) serves more than 400,000 students
- ➔ **Charters:** There are currently 1,299 charter schools across the state accounting for 11% of total public school attendance
- ➔ **Teacher Employment:** The statewide student-to-teacher ratio has been dropping for several years, to about 21:1, which is comparable to the pre-recession level
  - ▶ School districts had about 295,000 full-time equivalent (FTE) teachers and about 294,000 FTE support staff, an increase of 6.4% and 21%, respectively, from 5 years earlier
- ➔ **Teacher Compensation:** The average salary of a school district teacher was approximately \$82,000, an increase of about \$4,000 (5%) over 5 years earlier
  - ▶ Average compensation ranged from a low of \$69,927 in Plumas County to \$105,705 in Santa Clara County
- ➔ **Special Education:** The share of students identified for special education services statewide has increased from 11 percent to 13 percent over last 10 years, though funding has remained largely stagnant when accounting for inflation

\*Data from the 2020-21 enacted budget, LAO, [Governing](#), [EdWeek](#), [EdSource](#), [EdSource](#), and [Money and Freedom](#).

Learn more & try your hand at the California Budget Challenge @ [www.budgetchallenge.org](http://www.budgetchallenge.org)