

FactSheet

August 2017

California Education Funding

Students Deserve Better

by Manuel Buenrostro

Introduction

Despite a growing economy, California trails behind nearly every other state in terms of the resources it devotes to education. This fact sheet explores California's current investment in education, the educational needs of its students, and how the support these students receive falls short when compared to the rest of the nation. These realities make the case for increasing investments in education to ensure a brighter future for our students and our state.

Board members might consider the following questions as they read this fact sheet:

- » How is inadequate funding affecting the students and schools in my community?
- » How much would it cost to fully implement programs across all schools that would prepare every student for college and career success?

Money Matters

Growing evidence points to a positive relationship between education funding and improved student outcomes, particularly for students from low-income households. Multiple studies have shown that economically disadvantaged students who attend well-resourced schools demonstrate greater academic achievement than similar students in schools with fewer resources.^{1,2,3} Yet California has not responded to this evidence with an adequate investment in education to meet the needs of its students. This lack of adequate funding means that district and county office of education leaders will continue to make difficult decisions about where to allocate resources.

Current Approach to Distributing Education Resources: Local Control Funding Formula

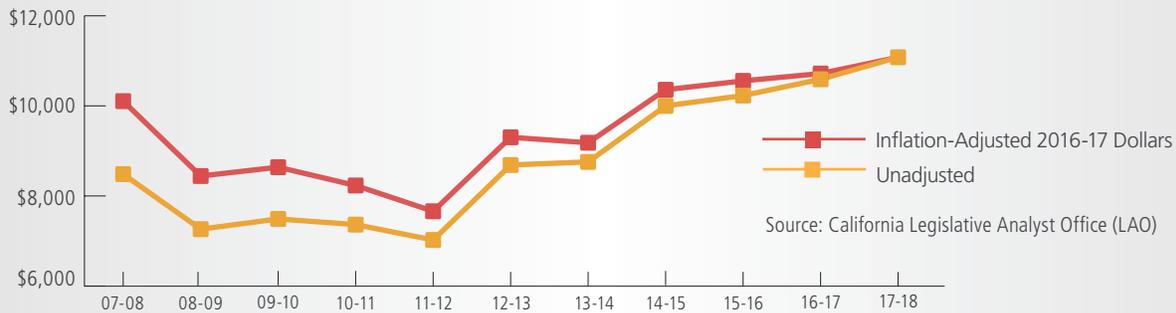
With the advent of the Local Control Funding Formula (LCFF) in 2013, California took a new approach to funding education—one that redistributed education dollars, rather than providing new resources. LCFF aggregates general education funding along with resources that were previously allocated through categorical programs and distributes these to districts through a base grant for all students along with supplemental grants to support students with higher needs—those from low-income families, English learners, and foster youth. An additional increment is provided to districts in which more than 55% of students are among those with higher needs. County offices of education receive funding through LCFF for two purposes. One is through an operations grant to support their oversight role in approving district Local Control Accountability Plans (LCAPs). The other is through alternative education grants that support county office of education instructional services. Two major pillars of LCFF are equity (thus, the increments for higher-need students) and flexibility, based on the tenet that local districts can best determine how to allocate education resources for the students in their communities.

Challenges in Funding Outlook

While LCFF on its own did not add to the state's education funds, the increases in tax revenue from the growing economy meant more resources for education through Proposition 98 requirements. In 2012, voters also approved increases in sales and income taxes through Proposition 30, which brought additional resources for education and in 2016, the passage of Proposition 55 extended these income tax increases. Nonetheless, when adjusting for inflation, California's per-student funding remained below pre-recession (2007–08) levels until the 2014–15 school year.⁴

Figure 1. K-12 Proposition 98 Funding Per Pupil^a

^a Reflects actual rates through 2015-16 and Governor's proposed rates thereafter.



While increases in funding have allowed districts and county offices of education to rebuild programs and expand some services, many fiscal challenges remain. These include an increasing local burden to cover obligations for pensions, healthcare, and other mandated services, such as those for students identified for special education services. For example, while federal and state sources covered 68% of special education service costs in 2004–05, their combined share had dropped to just 40% by the 2014–15 school year.⁵ Additionally, the state plan to significantly increase district contributions to both STRS and PERS (the retirement systems for teachers and nonteaching staff, respectively) means an annual cost to schools of \$4 billion when fully implemented by 2020–21.⁶ More recent CSBA projections show PERS and STRS costing school employers \$9.7 billion by 2023–24, up from \$3.08 billion in 2013–14. For more information on these cost pressures, see [California's Challenge: Adequately Funding Education in the 21st Century](#).

California Has Many Students with Higher Needs

Compared to the national average, California has a larger proportion of students in need of additional resources to support their achievement. According to 2014–15 data from the National Center for Education Statistics (NCES), California has a higher proportion of students who are:

- » **Free or Reduced-Price Lunch Eligible.** In 2014–15, 58.7% of California students were eligible for free or reduced-price lunch (FRL), well above the national average of 51.8% and higher than 42 other states.⁷ Moreover, this percentage continues to increase: according to the California Department of Education (CDE), 58.1% of students were FRL-eligible for the 2016–17 school year, compared to 51% in 2006–07.⁸

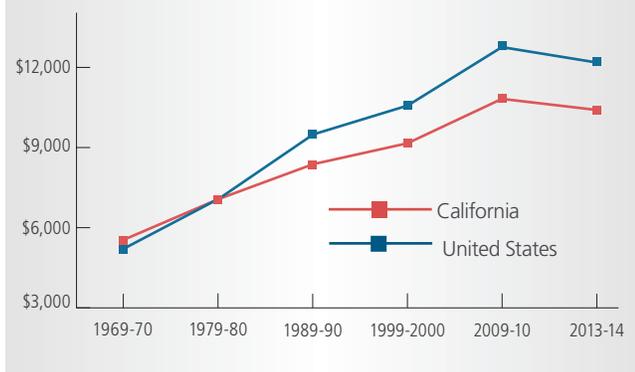
- » **English Learners.** In 2014–15, 22.4% of California students were English learners. This represents approximately one third of all English learners in the U.S., is more than double the national average of 9.4%, and is significantly higher than Nevada's 17%—the state with the second highest percentage of English learners.⁹
- » **Homeless.** California enrolls a higher proportion of homeless students (3.7%) than the national average (2.5%) and 44 other states.¹⁰

California has a slightly lower percentage of students identified for special education services than the national average—11.3% compared to 13% in 2014–15.¹¹ However, as in much of the nation, the number and percentage of students with special education needs is growing in California. According to the CDE, special education enrollment increased from 10.8% in 2006–07 to 12.1% in 2016–17.¹² Moreover, as previously noted, the federal and state funds earmarked for special education have not kept pace with the cost of meeting the needs of these students.¹³

California Lags Behind the Nation in Per-Student Investment

Despite overwhelming evidence that better-resourced schools can contribute to positive student outcomes, California invests far less than the national average in its students. During the 2013–14 school year, California public schools spent \$10,236 per student—\$1,762 below the \$11,998 national average. Comparing California to the 10 states that make the greatest per-pupil investment, California falls behind by approximately \$5,000 or more per student.¹⁴

Figure 2. United States and California Spending Per Student, Constant 2015-16 Dollars



According to Education Week’s 2017 Quality Counts Report on state education spending, California was ranked as one of the lowest in both per-student spending and effort (i.e., the share of a state’s total taxable resources devoted to education):¹⁵

- » **Per-Student Spending.** California ranked 45th among all states in spending per student, when adjusting for regional cost differences. It would take an additional \$22 billion to bring California’s per-student spending up to the national average.
- » **Effort.** California tied for 45th for the percentage of the state’s total taxable resources spent on education. In 2014, California invested 2.7% of these resources in education, compared to 3.3% nationally. An effort level of 3.3% would provide an additional \$12 billion to California schools.

Lack of Adequate Education Investment: Consequences for California’s Students

This shortage of financial support has a significant impact on what is arguably the most important education resource: the adults in schools and classrooms who are available to work with students and ensure that they have the best education possible. Despite research strongly indicating the importance of caring adults in schools to improving student outcomes, California students have more limited access to such professionals. According to data from NCES, in 2014, California had among the highest:¹⁶

- » **Student-to-Teacher Ratios.** California had the highest student–teacher ratio among all states: 23.6 students per teacher, compared to 16.1 nationally.
- » **Student-to-Counselor Ratios.** California had 760.3 students per guidance counselor, compared to 482.4 nationally. Students in all other states except Arizona had better access to a guidance counselor.

- » **Student-to-Total Staff Ratios.** California had 11 students per total staff, compared to 8 nationally. Only two states, Nevada and Utah, had a higher student–staff ratio than California. In their measure of total staff, NCES included school and district administrators, administrative support staff, instructional coordinators, teachers, instructional aides, counselors, librarians, and other student support staff.

Conclusion

As elected community leaders, school board members can have a powerful voice in setting statewide priorities for the essential additional resources needed to close opportunity and achievement gaps for California’s students. CSBA will continue to make the case for adequacy in education funding and support board members in their efforts to invest current resources equitably and effectively—providing resources according to need and implementing strategies that are more likely to produce positive student outcomes.

CSBA Resources

- » [Behind the Numbers: The Cold, Hard Facts of California Public Funding](#)
- » [California Education: Funding Issues Survey](#)
- » [Meeting California’s Challenge: Access, Opportunity, and Achievement: Key Ingredients for Student Success](#)
- » [California’s Challenge: Adequately Funding Education in the 21st Century](#)

Endnotes

- 1 Card, D., & Payne, A. A. (2002). School finance reform, the distribution of school spending, and the distribution of student test scores. *Journal of Public Economics*, 83(1), 49-82. Retrieved from <http://davidcard.berkeley.edu/papers/school-finance-reform.pdf>
- 2 Greenwald, R., Hedges, L.V., & Laine, R. D. (1996). The effect of school resources on student achievement. *Review of Educational Research*, 66(3), 361-396. Retrieved from <http://journals.sagepub.com/doi/pdf/10.3102/00346543066003361>
- 3 Jackson, C. K., Johnson, R. C., & Persico, C. (2015). *The effects of school spending on educational and economic outcomes: Evidence from school finance reforms* (No. w20847). National Bureau of Economic Research.
- 4 Analysis by the California Legislative Analyst Office (LAO).
- 5 Hill, L., Warren, P., Murphy, P, Ugo, I, & Pathak, A. (2016). *Special education finance in California*. Public Policy Institute of California: San Francisco, CA. Retrieved from http://www.ppic.org/content/pubs/report/R_1116LHR.pdf

- 6 California School Boards Association. (2015). *California's challenge: Adequately funding education in the 21st century*. West Sacramento, CA. Retrieved from https://www.csba.org/GovernanceAndPolicyResources/~media/CSBA/Files/Advocacy/ELA/2015_CaliforniasChallenge-FundingAdequacyReport.ashx
- 7 National Center for Education Statistics. *Digest of education statistics: Table 204.10. Number and percentage of public school students eligible for free or reduced-price lunch, by state: Selected years, 2000-01 through 2014-15*. Downloaded August 14, 2017 from https://nces.ed.gov/programs/digest/d16/tables/dt16_204.10.asp?current=yes
- 8 CDE Dataquest. *Selected statewide data: Free or reduced price meals*. Downloaded August 14, 2017 from <http://data1.cde.ca.gov/dataquest/Cbeds1.asp?FreeLunch=on&cChoice=StatProf1&cYear=2016-17&cLevel=State&cTopic=Profile&myTimeFrame=S&submit1=Submit>
- 9 National Center for Education Statistics. *Digest of education statistics: Table 204.20. Number and percentage of public school students participating in English language learner (ELL) programs, by state: Selected years, fall 2004 through fall 2014*. Downloaded August 14, 2017 from https://nces.ed.gov/programs/digest/d16/tables/dt16_204.20.asp?current=yes
- 10 National Center for Education Statistics. *Digest of education statistics: Table 204.75c. Number and percentage of homeless students enrolled in public elementary and secondary schools, by state or jurisdiction: 2009-10 through 2014-15*. Downloaded August 14, 2017 from https://nces.ed.gov/programs/digest/d16/tables/dt16_204.75c.asp?current=yes
- 11 National Center for Education Statistics. *Digest of education statistics: Table 204.70. Number and percentage of children served under Individuals with Disabilities Education Act (IDEA), Part B, by age group and state or jurisdiction: Selected years, 1990-91 through 2014-15*. Downloaded August 14, 2017 from https://nces.ed.gov/programs/digest/d16/tables/dt16_204.70.asp?current=yes
- 12 CDE Dataquest. *Special education enrollment by age and disability*. Downloaded August 14, 2017 from <http://data1.cde.ca.gov/dataquest/page2.asp?level=State&subject=SpecEd&submit1=Submit>
- 13 See endnote 5.
- 14 National Center for Education Statistics. *Digest of education statistics: Table 236.70. Current expenditure per pupil in average daily attendance in public elementary and secondary schools, by state or jurisdiction: Selected years, 1969-70 through 2013-14*. Downloaded August 14, 2017 from https://nces.ed.gov/programs/digest/d16/tables/dt16_236.70.asp?current=yes
- 15 Education Week Quality Counts. (2017). *School finance*. Retrieved from <http://bit.ly/2wTiafD>
- 16 National Center for Education Statistics. *Digest of education statistics: Table 213.20. Staff employed in public elementary and secondary school systems, by type of assignment and state or jurisdiction: Fall 2014*. Downloaded August 14, 2017 from https://nces.ed.gov/programs/digest/d16/tables/dt16_213.20.asp?current=yes

Manuel Buenrostro is an Education Policy Analyst for CSBA.