

Securing Education Resources to Finance California's Future

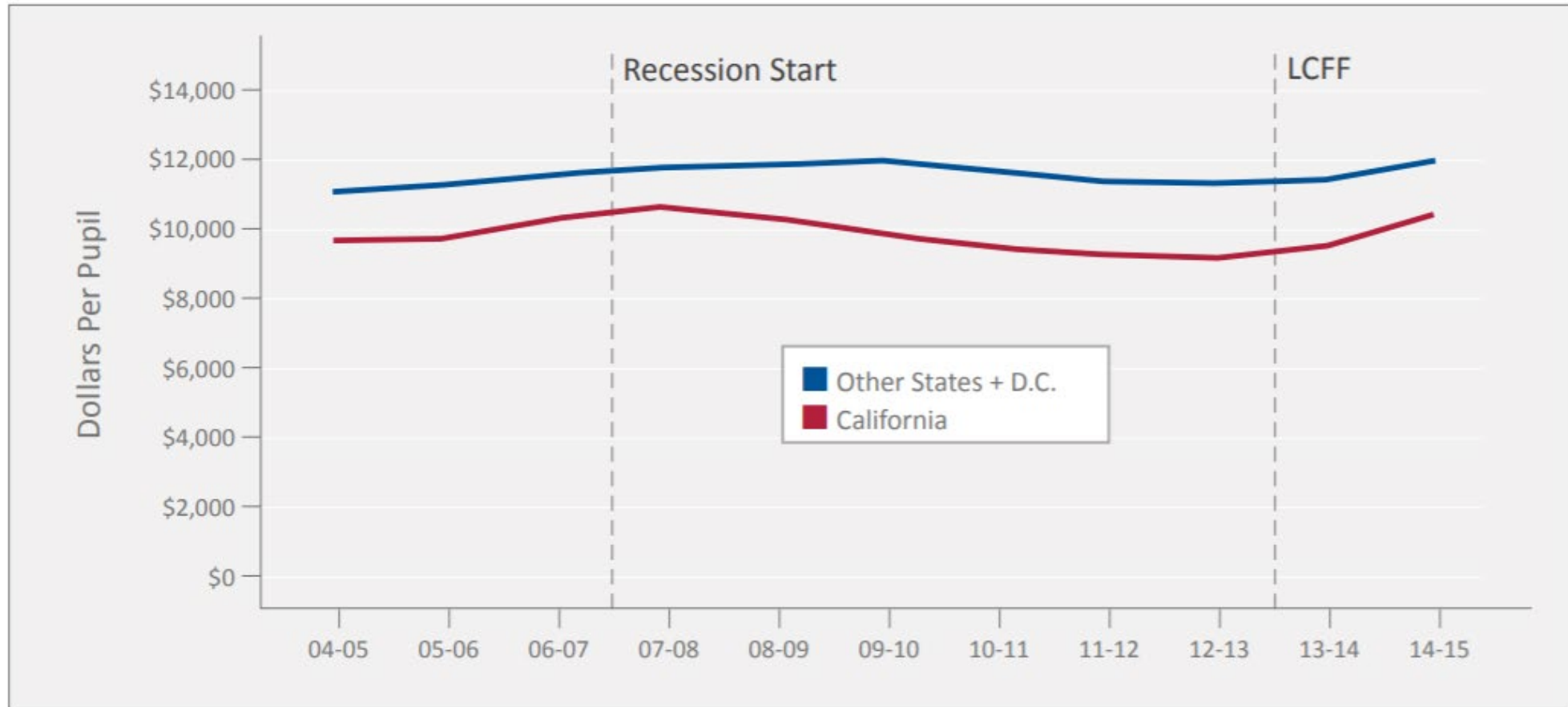
PACE Annual Conference
February 7, 2020
Sacramento, California

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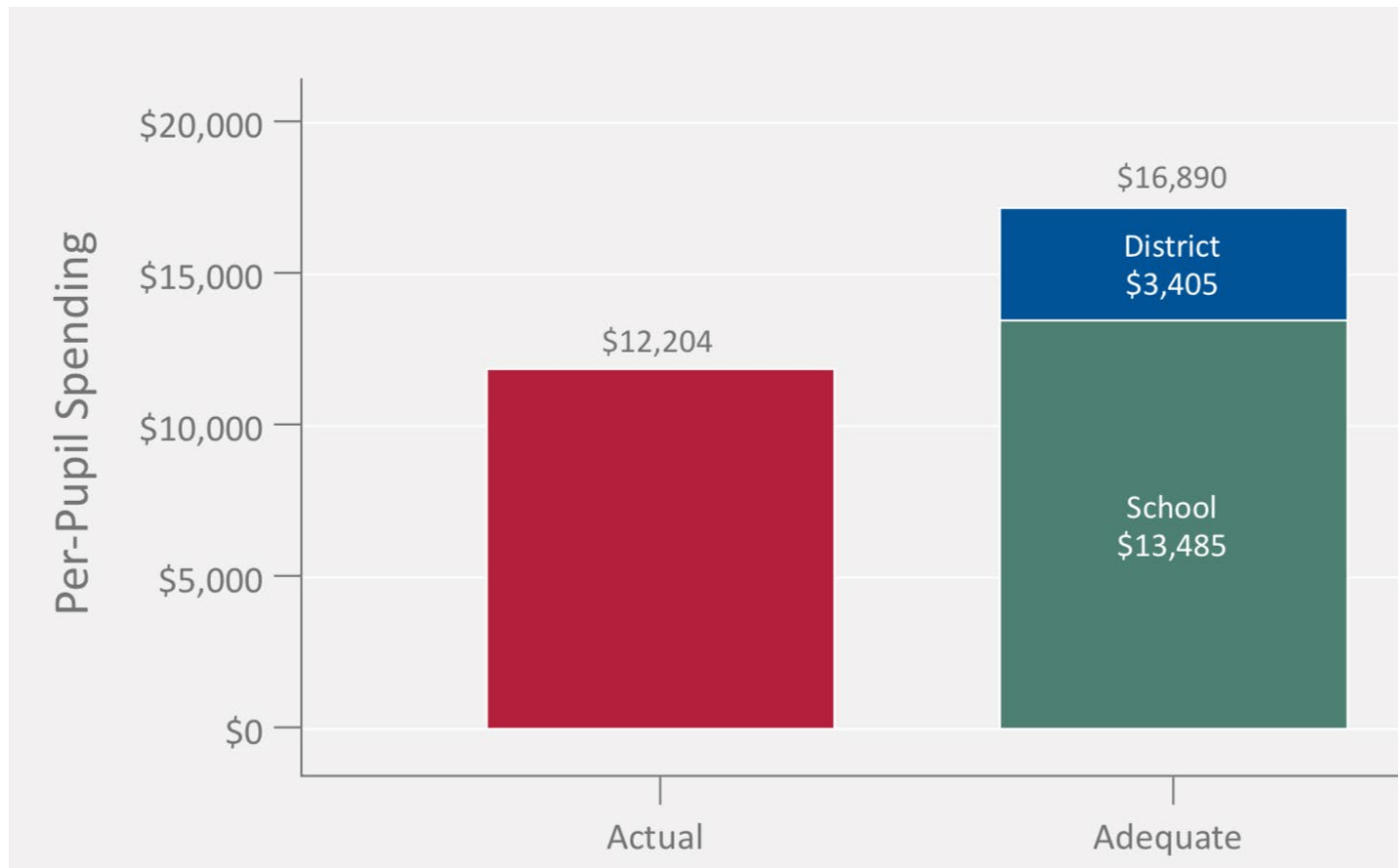
#2020PACE

Funding for schools in California has improved...



<https://gettingdowntofacts.com/publications/working-toward-k-12-funding-adequacy-californias-current-policies-and-funding-levels>

...but funding remains short of adequate levels given the goals of state policies.



Average actual operational spending was \$12,204 per student in 2016-17.

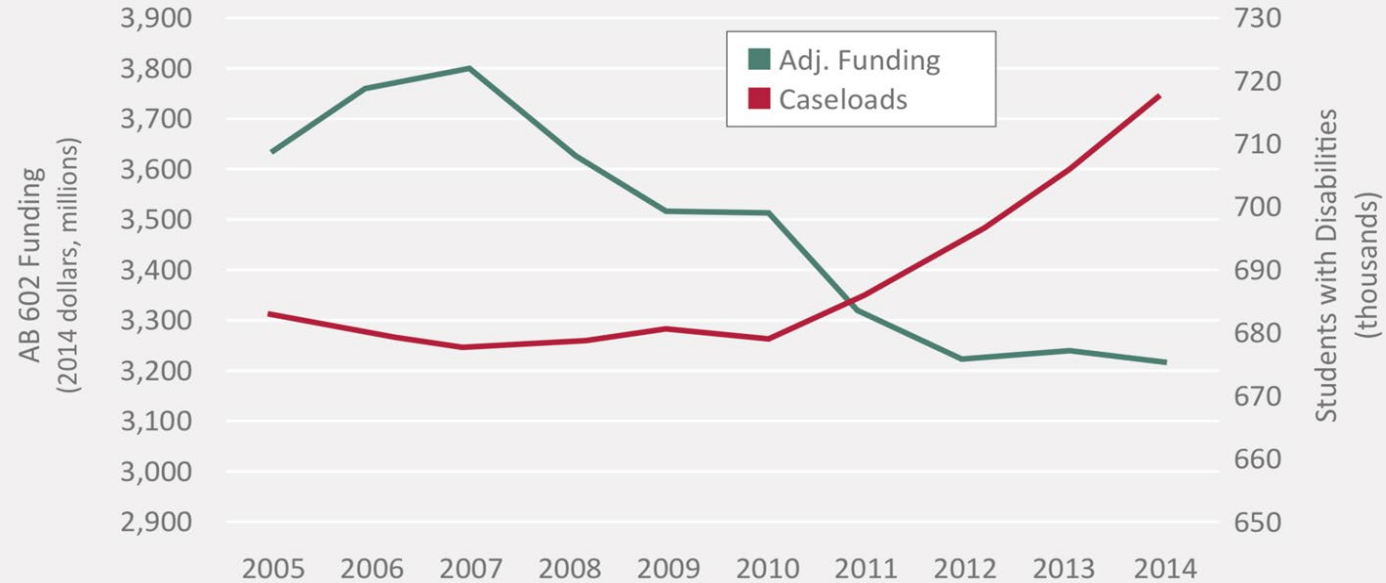
GDTFII estimated that the *adequate cost* per pupil would be around \$16,890.

<https://gettingdowntofacts.com/publications/working-toward-k-12-funding-adequacy-californias-current-policies-and-funding-levels>

Districts' budgets are being impacted by rising costs.

Costs of Special Education

Changes in State Special Education Funding and Number of Students with Disabilities from 2005 to 2014



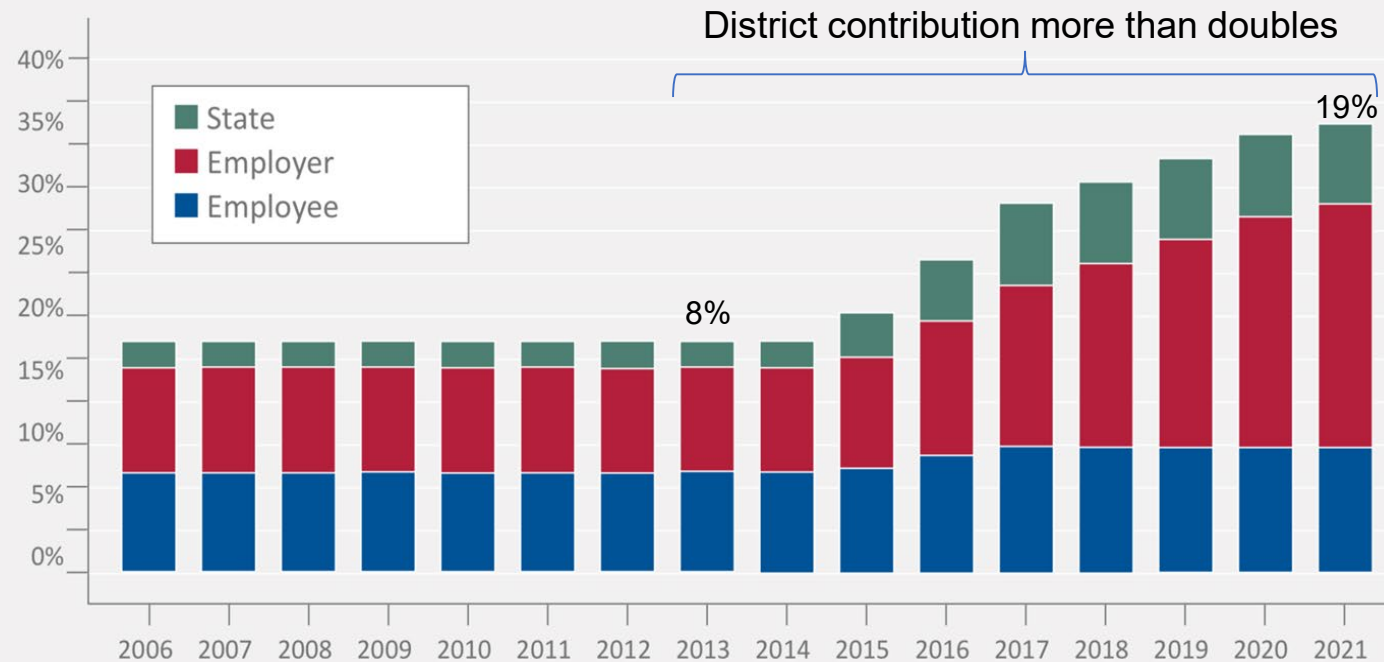
Inflation-adjusted state special education funding has decreased, while the number of students with disabilities has grown.

<https://gettingdowntofacts.com/publications/revisiting-finance-and-governance-issues-special-education>

Districts' budgets are being impacted by rising costs.

Growing Pension Liabilities

Realized and Projected CalSTRS Statutory Contributions, 2006–2021,
as Percent of Salaries

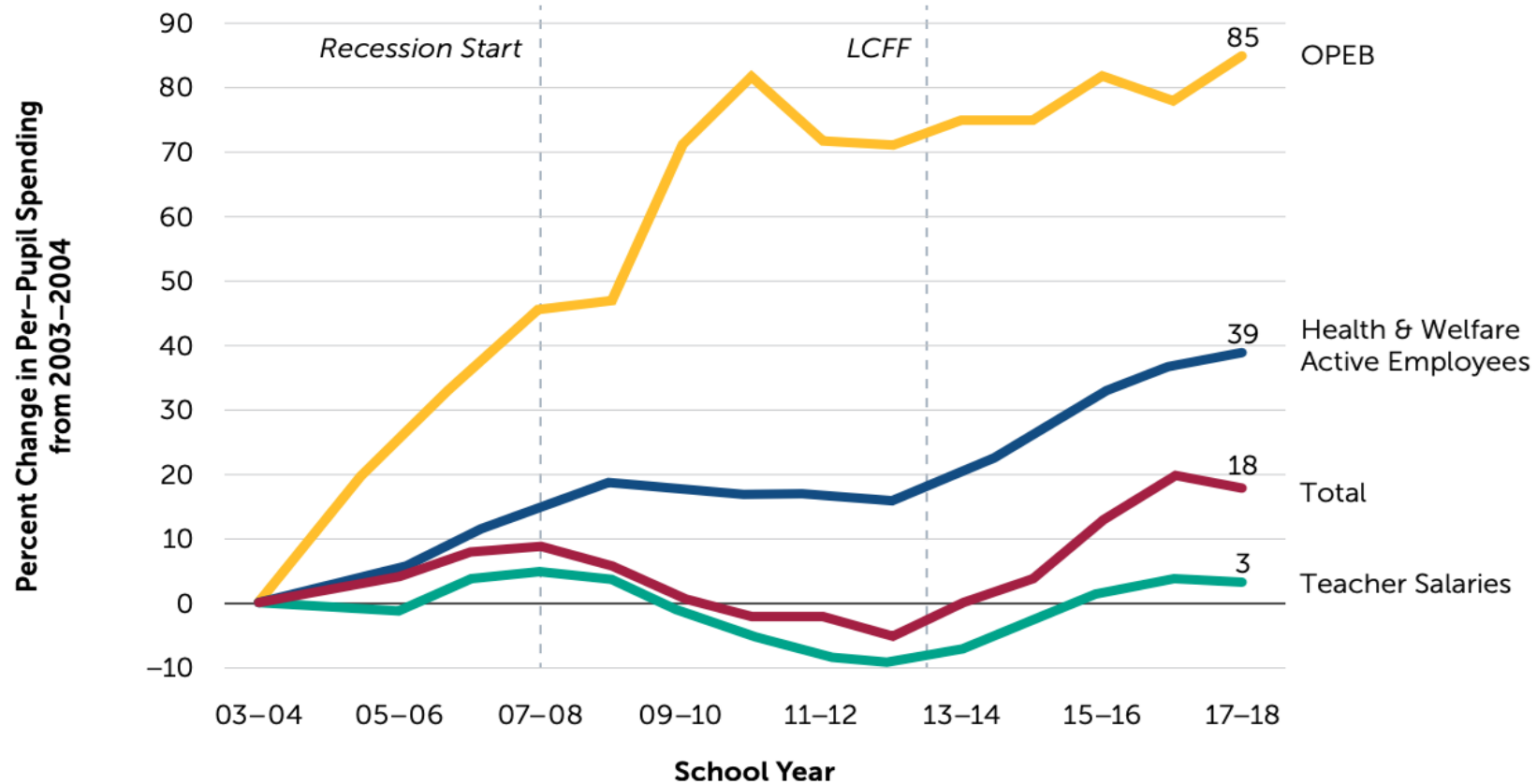


<https://gettingdowntofacts.com/publications/pensions-and-california-public-schools-0>

Districts' budgets are being impacted by rising costs.

Rising Health Care Costs and Liabilities

Changes in Per-Pupil Spending Since 2003–2004



<https://edpolicyinca.org/publications/challenges-employee-and-retiree-health-benefit-costs-california-districts>



Fully
Funded
Schools

Governor's proposed
2020-21 budget includes
Additional \$4 Billion

November 2020 over \$4
Billion via *Schools and
Communities First* measure

March 2020 \$15 Billion
Facilities Bond Measure

“

What would it look like if our
schools were adequately
funded?

How can we get there as a
state?

”

Agenda

- 10:15-11:15: Panelist presentations
- 11:15-11:30: Panelist Q&A
- 11:30-11:45: Table conversations
- 11:40-11:45: Table share out

Panelists



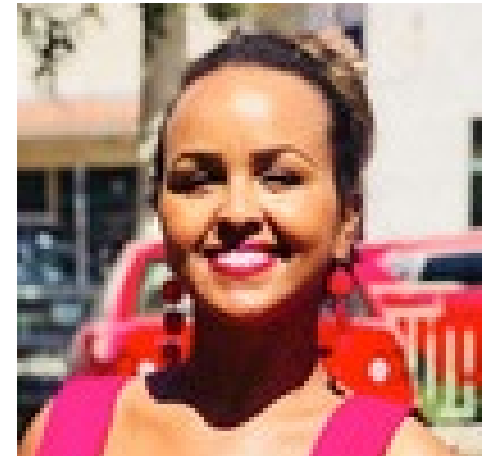
Samantha Tran,
Senior Managing
Director, Education
Policy, Children Now



Carrie Hahnel,
Independent
Consultant



Fred Silva, Director of
Public Policy,
California Forward



Sawait Seyoum,
Sacramento City
parent advocate &
Senior Legislative
Advocate, Disability
Rights California



Children
Now

On a mission to build power for kids.

PACE 2020 Annual Conference
February 2, 2020



There are Not Enough Adults on School Campuses



CA's Staff to Student Ratios

	National average	CA	CA rank
Total staff	1:8	1:11	48
Teacher	1:16	1:24	50
Librarian	1:1,128	1:7,783	50
Guidance counselor	1:482	1:760	49
Administrator	1:207	1:300	47

The Tale of Three High Schools

Typical California High School:
-Approximately 1,100 students
-More than 60% are low income

California: *Gunderson High School*, San Jose Unified School District

Illinois: *Urbana High School*, Urbana School District

New Jersey: *Garfield High School*, Garfield School District



A Tale of Three Schools Comparing Investments

	Gunderson High School (San Jose, California)	Urbana High School (Urbana, Illinois)	Garfield High School (Garfield, New Jersey)
DISTRICT	San Jose Unified	Urbana School District	Garfield School District
2017-18 EXPENDITURE PER PUPIL AS REPORTED BY DISTRICT	\$10,982	\$14,364	\$17,388
COMPARABLE WAGE INDEX COMPARED TO NATIONAL AVERAGE	29% higher	11% lower	24% higher
EXPENDITURES PER PUPIL ADJUSTED BY REGIONAL COSTS	\$8,493	\$16,210	\$13,997
LOCAL COST OF LIVING COMPARED TO NATIONAL AVERAGE	51% higher	18% lower	27% higher

A Tale of Three Schools Comparing Opportunities and Services

Student Engagement	Gunderson High School; CA	Urbana High School; IL	Garfield High School; NJ
SPORTS TEAMS	17	19	22
CLUBS AND ORGANIZATIONS	8	17	40

FIGURE 1
Gunderson, Urbana, and Garfield
High Schools Staffing Data

	Gunderson High School	Urbana High School	Garfield High School
TEACHERS	60	87	96
ADMINISTRATORS AND OTHER CERTIFICATED PERSONNEL	9 (including 3 administrators)	20 (including 4 administrators)	20 (including 3 administrators)
TOTAL CERTIFICATED STAFF	69	107	116

Education is Powered by People and Adult-Child Interactions

California’s teacher salaries were 85.5% of wages for college graduates in other professions and about 92% of compensation if pensions and benefits are both taken into account.

TABLE 1

The number of teachers depends on both salary levels and expenditures (2017-18)

STATE	STUDENTS ENROLLED PER TEACHER (RANK)	AVERAGE TEACHER SALARY (RANK)
California	22.7 (49th)	\$80,680 (2)
Florida	19.7 (46th)	\$48,168 (46)
Illinois	15.7 (34th)	\$65,721 (11)
New Jersey	11.8 (3rd)	\$69,917 (6)*
New York	11.6 (1st)	\$84,227 (1)
Texas	15 (23rd)	\$53,334 (27)
United States	15.8	\$60,477

Four states, Utah, Nevada, Arizona and California, stand out as serious outliers with pupil-teacher ratios over 22. Florida is the next highest.

Data: National Education Association, 2019 Rankings and Estimates. *NEA Estimate

Recent K-12 Investments Must be Considered in Historical Context



Academic studies from 2007 showed that State needed to spend between \$17 - \$32 billion more for schools to reach the state's academic goals.

From 2007-08 to 2011-12 (Great Recession), annual funding fell by \$15.6 billion.

Investments since 2011-12 have been significant, but current spending is only slightly higher than it was in the early 2000's when adjusted for inflation.

Student teach ratios in 2017-18 almost back to 2007-08 levels

California Education Spending Lags Most Other States

TABLE 2

California's education spending lags most other large states (2015-16)

STATE	PER-PUPIL EXPENDITURE ADJUSTED FOR REGIONAL COST DIFFERENCES (2016)	PERCENT OF TOTAL TAXABLE RESOURCES SPENT ON EDUCATION (2016)
California	\$10,281	3.2%
Florida	\$9,764	2.8%
Illinois	\$13,829	4.5%
New Jersey	\$16,543	4.9%
New York	\$19,697	5.0%
Texas	\$8,619	3.8%
United States	\$12,756	3.7%

Adjusting for regional costs differences, Education Week ranks California 39th in per-pupil expenditures and 40th (with several other states) for the portion of resources it devotes to education.

Data: Education Week, Quality Counts, June 5, 2019; National Center for Education Statistics and the U.S. Bureau of Economic Analysis

California Education Spending Lags Most Other States

Investment Effort

Additional Funding

NATIONAL AVERAGE

\$11 Billion

ILLINOIS

\$26.7 Billion

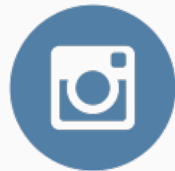
NEW JERSEY

\$37 Billion

For more information, visit
www.childrennow.org

To join The Children's Movement, visit
www.childrennow.org/thechildrensmovement/

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Securing Education Resources to Finance California's Future: *Insights from Forthcoming Research*

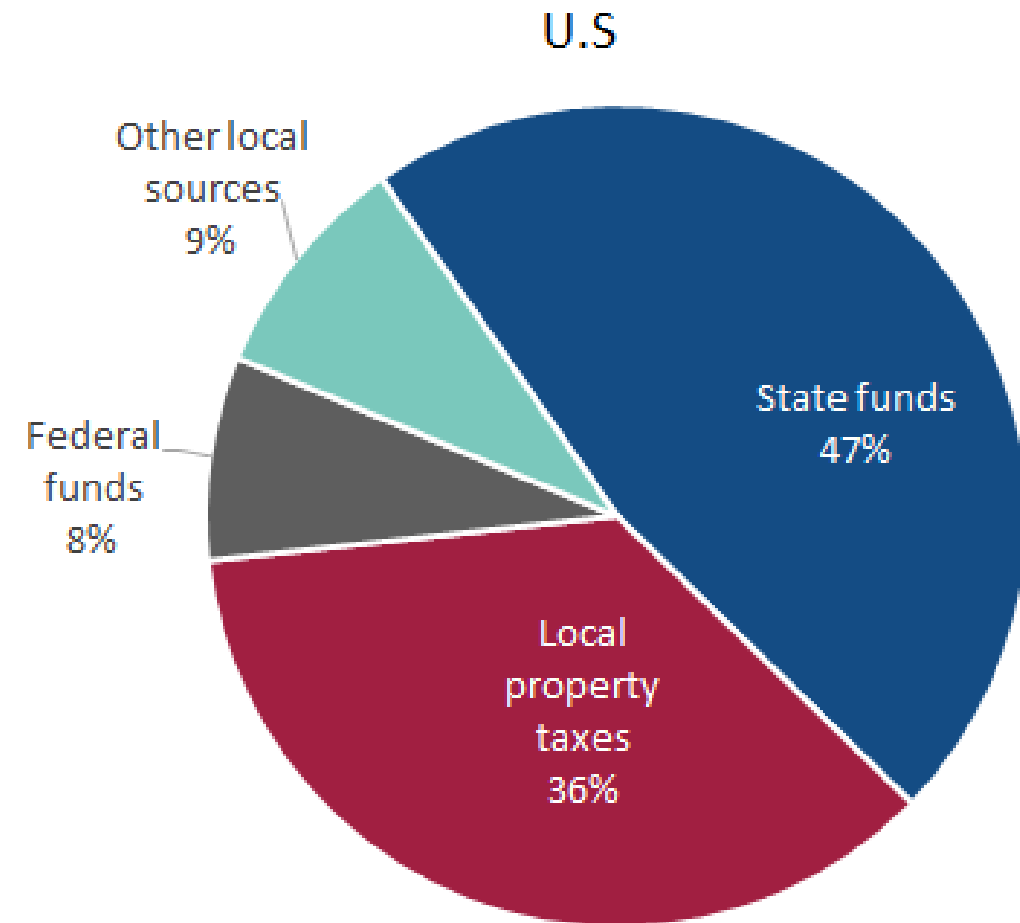
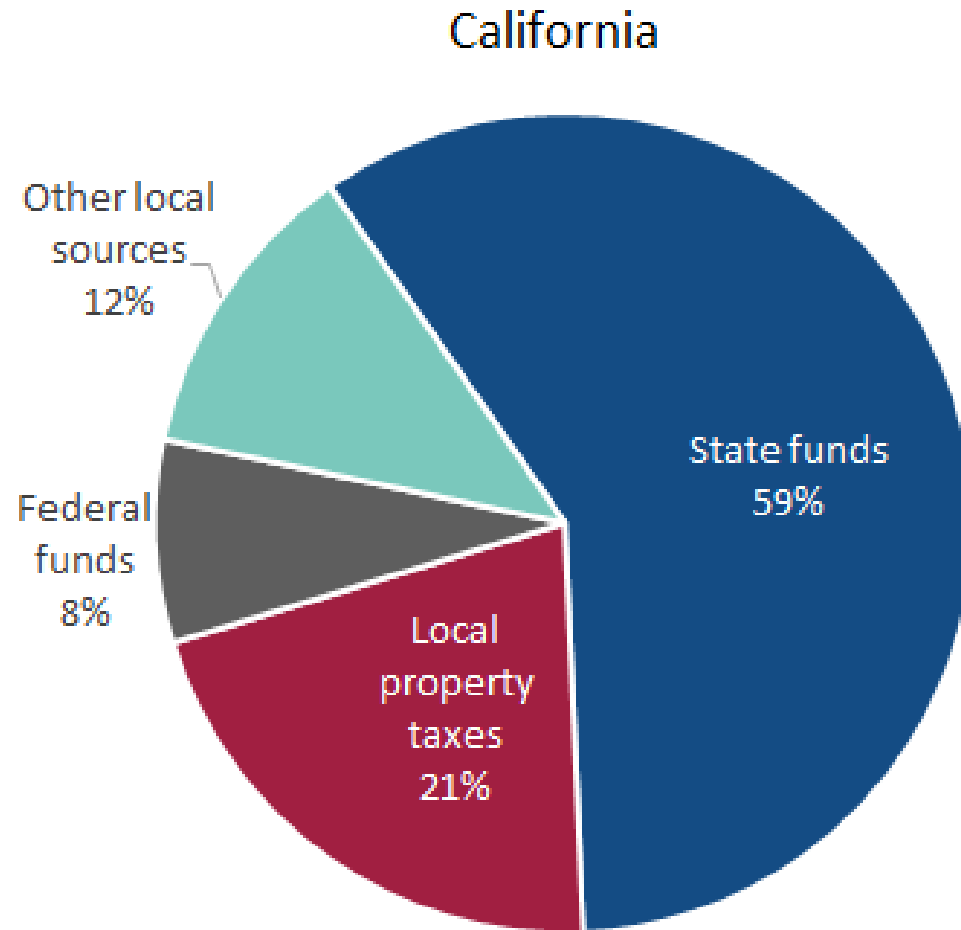
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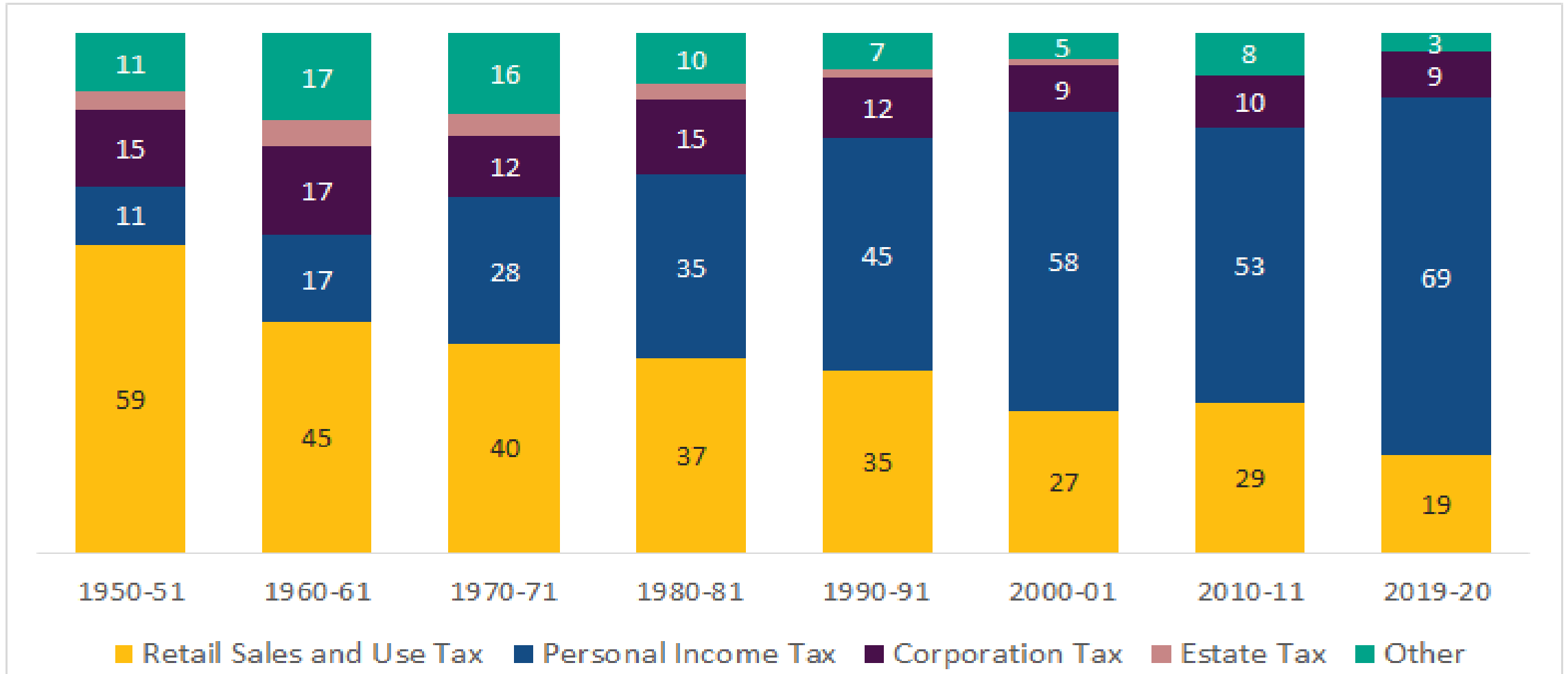


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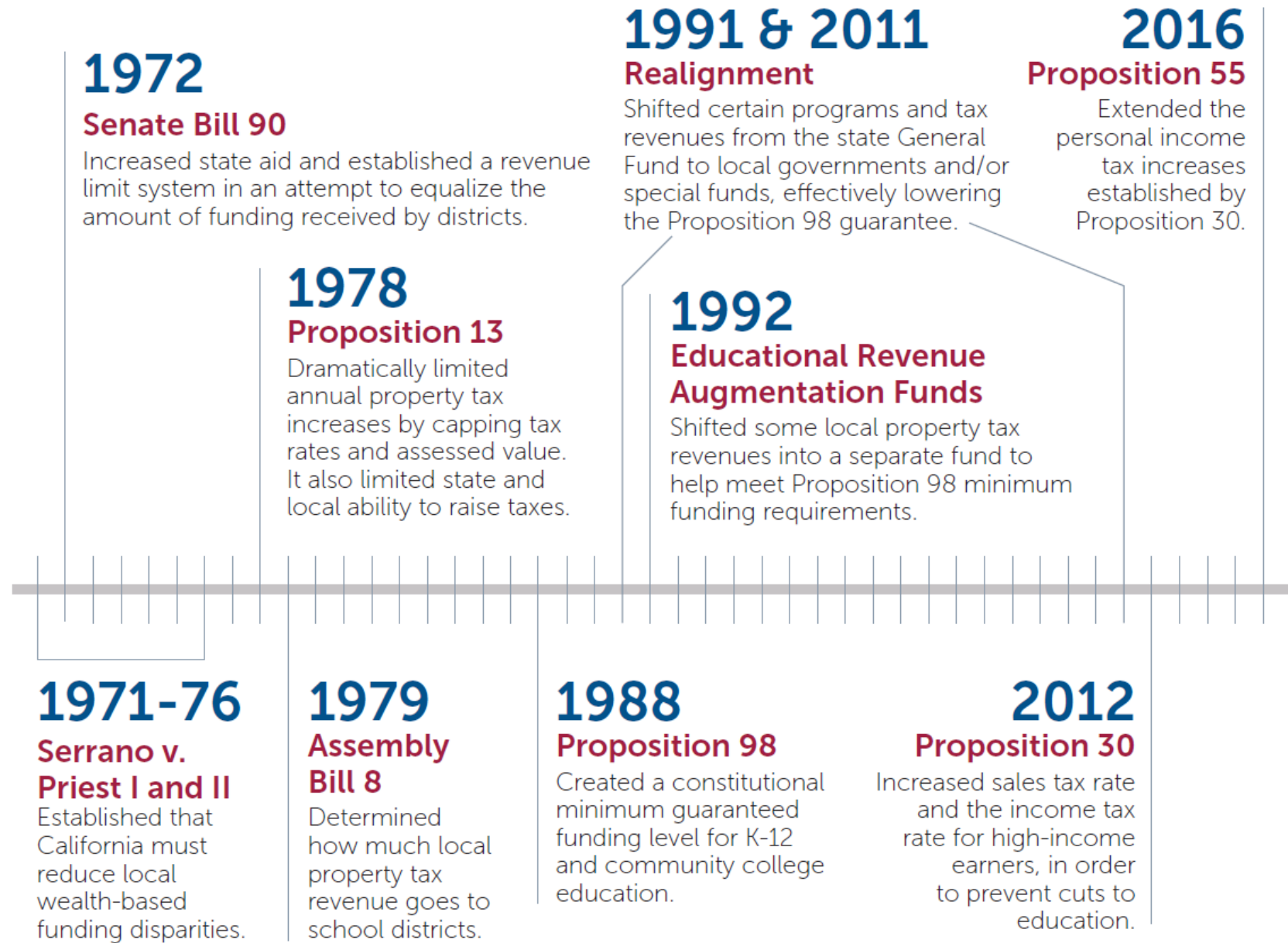
Current sources of education funding



The State General Fund is more dependent on personal income taxes than ever before



Education funding has been shaped by a complicated web of court decisions, policies, and voter initiatives



Where Could Additional Funding for Education Come From?

New taxes

Other tax reforms

Reprioritization

New tax considerations

Experts, advocates, and policymakers we spoke with said:

- State **and** local revenue sources will need to be identified
 - BUT, principles of equity and local control will need to be balanced
- A balanced mix of tax options must be employed to:
 - ✓ Maximize revenues
 - ✓ Spread the tax burden
 - ✓ Minimize volatility
 - ✓ Mitigate against negative economic consequences

Potential tax options

Most often identified by experts, advocates and policymakers we spoke with:

Services Tax

Expand sales tax to services, potentially in combination with reductions/changes to retail sales taxes

Split Roll

Split the property tax roll in order to allow corporate property values to grow at market rate

Other Local Taxes

While some suggested lowering the parcel tax vote threshold, most focused on ways to expand local tax authority to include other taxes *besides* the parcel tax

Taxes on Corporations

Increase corporate income tax, particularly on highest-earning corporations

Taxes on High-Income Earners

Further increase the personal income tax on the highest-income earners

Reduce Tax Expenditures

Including credits, deductions, incentives, and other tax breaks

New revenues are important but insufficient

Experts, advocates, and policymakers we spoke with said California must also:

1. Reexamine its priorities
2. Improve practice, outcomes, and accountability
3. Improve collaboration between elected officials, state education leaders, and advocates
4. Strengthen public and political will to fully fund education
5. Break down silos between early education, K-12 education, higher education, and other children's services segments

What can state leaders do?

1. Take an active role in coordinating and leading a conversation about increasing education funding
2. With education stakeholders, develop a master plan for education funding that covers more than just K-12 education, particularly early education
3. Strengthen fiscal transparency and analysis so that stakeholders understand how money is being used and see the results of that spending
4. Work with researchers and policy analysts to examine how to modernize California's school funding infrastructure

Panelist Q&A



Samantha Tran,
Senior Managing
Director, Education
Policy, Children Now



Carrie Hahnel,
Independent
Consultant



Fred Silva, Director of
Public Policy,
California Forward



Sawait Seyoum,
Sacramento City
parent advocate &
Senior Legislative
Advocate, Disability
Rights California

Table conversation

- Introductions
 - Your name & role
- Discussion questions
 - What do you see as the most viable policy options for raising more revenues for education?
 - How should state leaders think about balancing local control - including local taxation - with issues of equity?
 - How can stakeholder groups work together to ensure that an ambitious and high-impact solution is brought to fruition?

Group Shareout

Next up...!

- Go downstairs, get your lunch, and bring it back into the Magnolia Ballroom by 12:15
- 12:15 – 1:00 – Lunchtime presentation of the 2020 PACE/USC Rossier Annual Poll in the Magnolia Ballroom