

# Getting Down to Facts on Facilities and Special Education Finance in California

December 14, 2018  
Sacramento, California

Stanford  
University

 **PACE**  
*Policy Analysis for California Education*

  
**GETTING DOWN  
— TO FACTS II —**

# What is Getting Down to Facts II?

National collaborative research project on California's PreK-12 education system including more than 100 researchers across the country.

- Sequel to the first GDTF released 10 years ago
- Input from multiple stakeholders: the public, teachers, principals, CBOs, superintendents (county and district), policy leaders
- 36 research studies, 19 research briefs and a summary paper

# Areas Covered



*Student  
Success*

*Governance*



*Personnel*

*Finance*



# Key Findings from Getting Down to Facts II

- California schools and students have been moving in the right direction.
- Great need remains for policies to address system weakness and build capacity.
- Specifically, areas for California to focus on:
  - Building on current reforms
  - Increasing funding and fixing systems
  - Addressing achievement gaps

# Jeff Vincent

Deputy Director and Co-Founder of the Center for Cities & Schools (CC&S) at the University of California, Berkeley

CC&S is a policy research and technical assistance center that promotes high-quality education as an essential component of urban and metropolitan vitality to create equitable, healthy, and sustainable cities and schools for all.



# Paul Warren

- Research associate at the Public Policy Institute of California, where he focuses on K–12 education finance and accountability.
- Policy Analyst and director at California Legislative Analyst's Office for more than 20 years
- Chief consultant to the state Assembly's committee on education.
- Deputy director for the California Department of Education



# Agenda

- Presentation by Jeff Vincent: Financing School Facilities in California: A Ten Year Perspective
- Q&A with Jeff Vincent
- Presentation by Paul Warren: Revisiting Special Education Finance
- Q&A with Paul Warren

# Financing School Facilities in California: A Ten Year Perspective

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**Eric J. Brunner**

University of Connecticut

**Jeffrey M. Vincent**

University of California, Berkeley

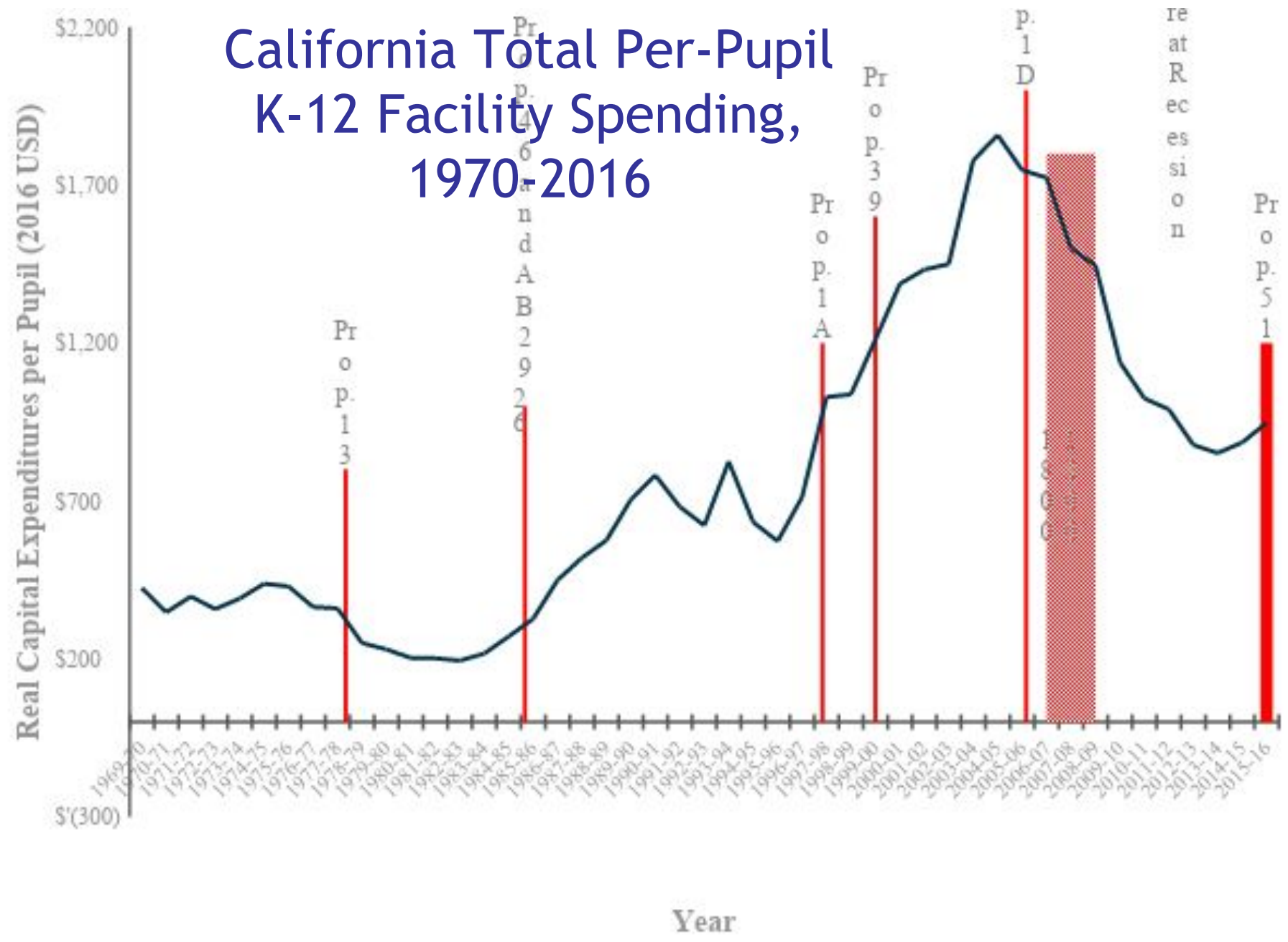


# Research Questions

1. How has the **level** of school facility funding in California changed over time and how does it compare to the level of funding in other states?
2. How is funding for new school construction and modernization **distributed** across school districts?
3. Are **disparities** in school facility funding systematically related to school district **property wealth, income**, the share of **disadvantage students** and the **racial/ethnic** composition of school districts?
4. How has school facility funding for **charter schools** changed over the decade and how does facility funding for charter schools in California compare to other states?

How has the level of school facility funding in California changed over time and how does it compare to the level of funding in other states?

# California Total Per-Pupil K-12 Facility Spending, 1970-2016



# State Comparisons of Real Capital Expenditures Per Pupil, 1990-2014

Period	U.S. Except CA	CA	FL	NY	OR	TX	WA
1990-94	\$871	\$693	\$1,720	\$1,032	\$667	\$1,260	\$1,584
1995-99	\$1,124	\$839	\$1,643	\$1,105	\$911	\$1,509	\$1,443
2000-04	\$1,464	\$1,437	\$2,014	\$1,282	\$1,280	\$2,101	\$1,574
2005-09	\$1,426	\$1,571	\$2,530	\$1,001	\$959	\$2,192	\$1,767
2010-14	\$1,047	\$964	\$894	\$814	\$756	\$1,596	\$1,468
1998-14	\$1,313	\$1,308	\$1,797	\$1,022	\$994	\$1,956	\$1,600
Enrl Growth 2005-2015	3.89%	-2.01%	4.46%	-3.35%	8.83%	18.81%	5.26%
Enrl Growth 1998-2015	8.68%	8.76%	20.18%	-4.22%	11.08%	34.48%	8.31%

# Sources of Revenue for School Construction and Modernization, 1998-2015

Source	1998-2006		2007-2015	
	Total Revenue (\$ Billion)	Percentage	Total Revenue (\$ Billion)	Percentage
Local G.O. Bonds	\$46.47	50	\$44.28	65
State Aid (State Bond Apportionments)	29.94	32	13.04	19
Developer Fees	10.12	11	3.6	5
Other	7.06	7	7.28	11
Total	\$93.72	100	\$68.22	100

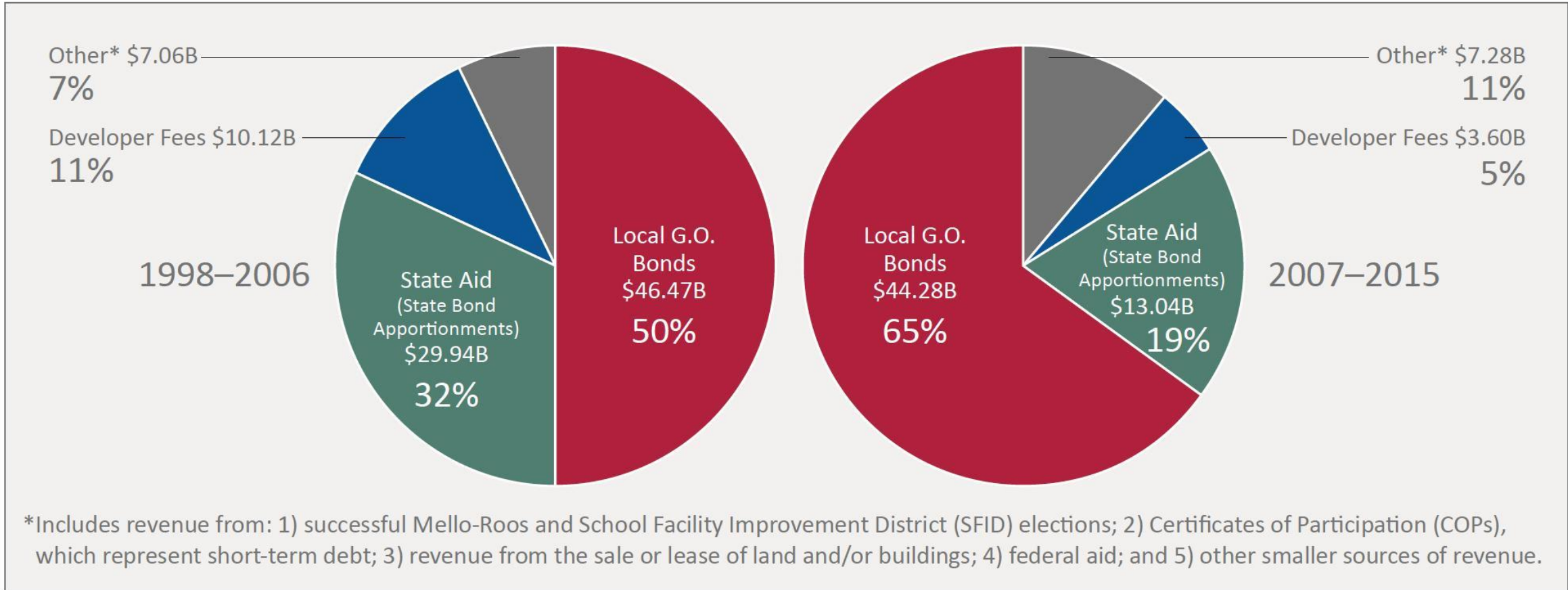
*Notes:* Data on school facility revenue comes from the J200 and SACS accounting records maintained by the California Department of Education. Revenue figures represent sum of revenue over relevant time period. Revenues are adjusted for inflation and reported in real 2016 dollars.

**No statewide bonds issued between 2007 and 2015**

**Decline in developer fees due to Great Recession and collapse in housing market**  
**Total revenue for school facility investment approximately 27 percent lower during the 2007-2015 period compared to the 1998-2006 period**

**Heavier reliance on local school bonds**

**Figure 1: Portion of Total Facility Revenues from Major Funding Sources and Change Over Time (Dollars in Billions)**



Data: California Department of Education, J200 and SACS accounting records. Revenues adjusted for inflation and reported in real 2016 dollars. The revenues from each of the sources may not add up to the total due to rounding.

How is capital funding for new school construction and modernization distributed across school districts?

# Distribution of Capital Revenue per Pupil, 2006-2015

Revenue Source	Percentiles*				
	10	25	50	75	90
<b>Unified Districts</b>					
Local G.O. Bonds	\$563	\$3,387	\$7,627	\$12,712	\$14,649
Local G.O. Bonds + State Aid	\$1,624	\$5,445	\$9,624	\$17,556	\$18,335
Total	\$3,915	\$6,529	\$11,038	\$20,218	\$20,365
<b>Elementary Districts</b>					
Local G.O. Bonds	\$0	\$0	\$3,105	\$6,998	\$13,030
Local G.O. Bonds + State Aid	\$0	\$1,217	\$5,450	\$10,564	\$14,715
Total	\$568	\$3,592	\$6,796	\$13,451	\$17,855
<b>High School Districts</b>					
Local G.O. Bonds	\$0	\$2,739	\$9,925	\$14,211	\$26,041
Local G.O. Bonds + State Aid	\$2,191	\$5,547	\$11,632	\$18,623	\$29,994
Total	\$3,673	\$8,860	\$13,277	\$23,108	\$30,414

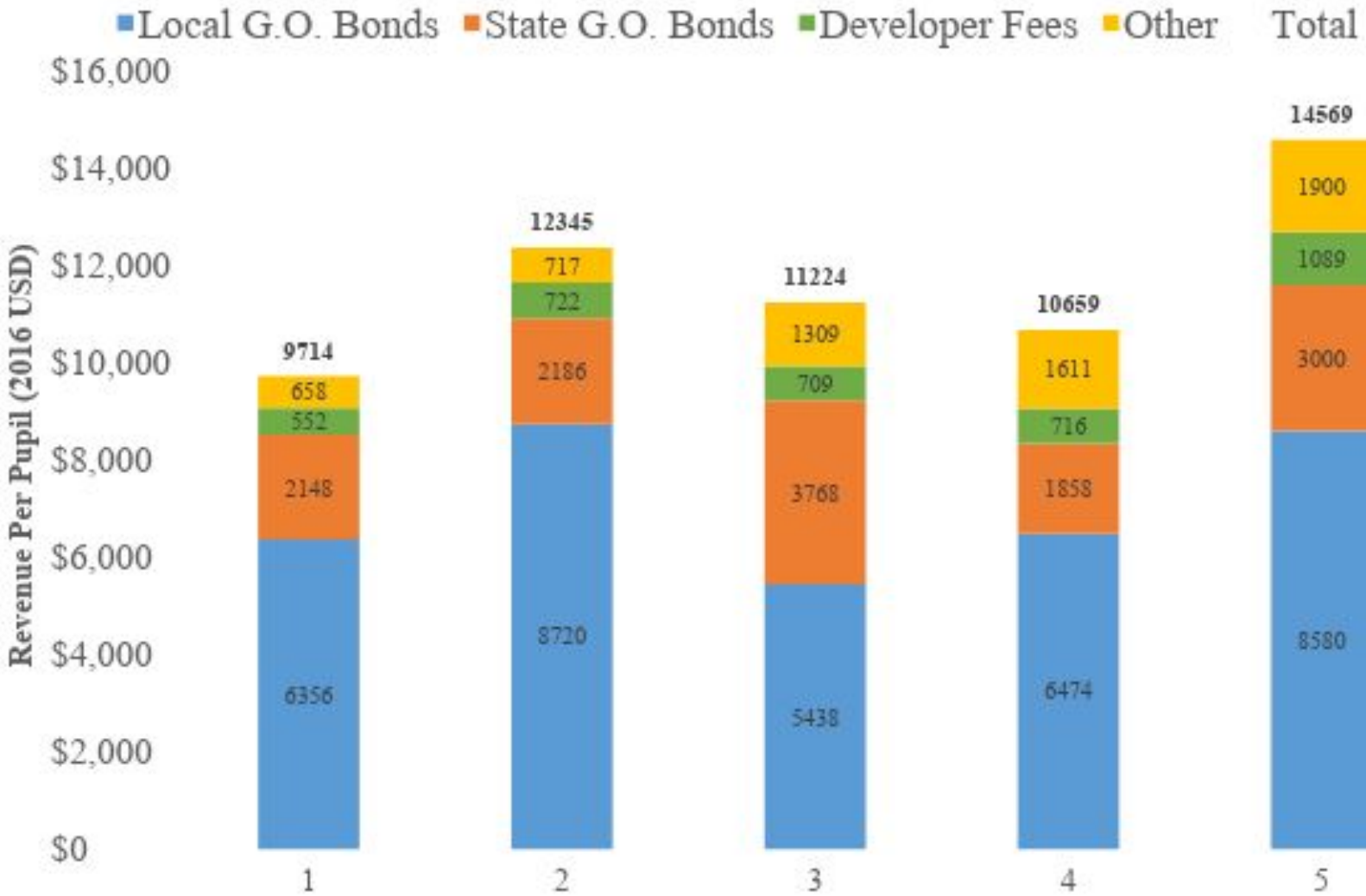
*Notes:* Per-pupil revenue figures represent sum of revenues from 2006-2015 divided by average enrollment over time period. Percentiles are weighted by average district enrollment between 2006 and 2015. Revenues are adjusted for inflation and reported in real 2016 dollars.



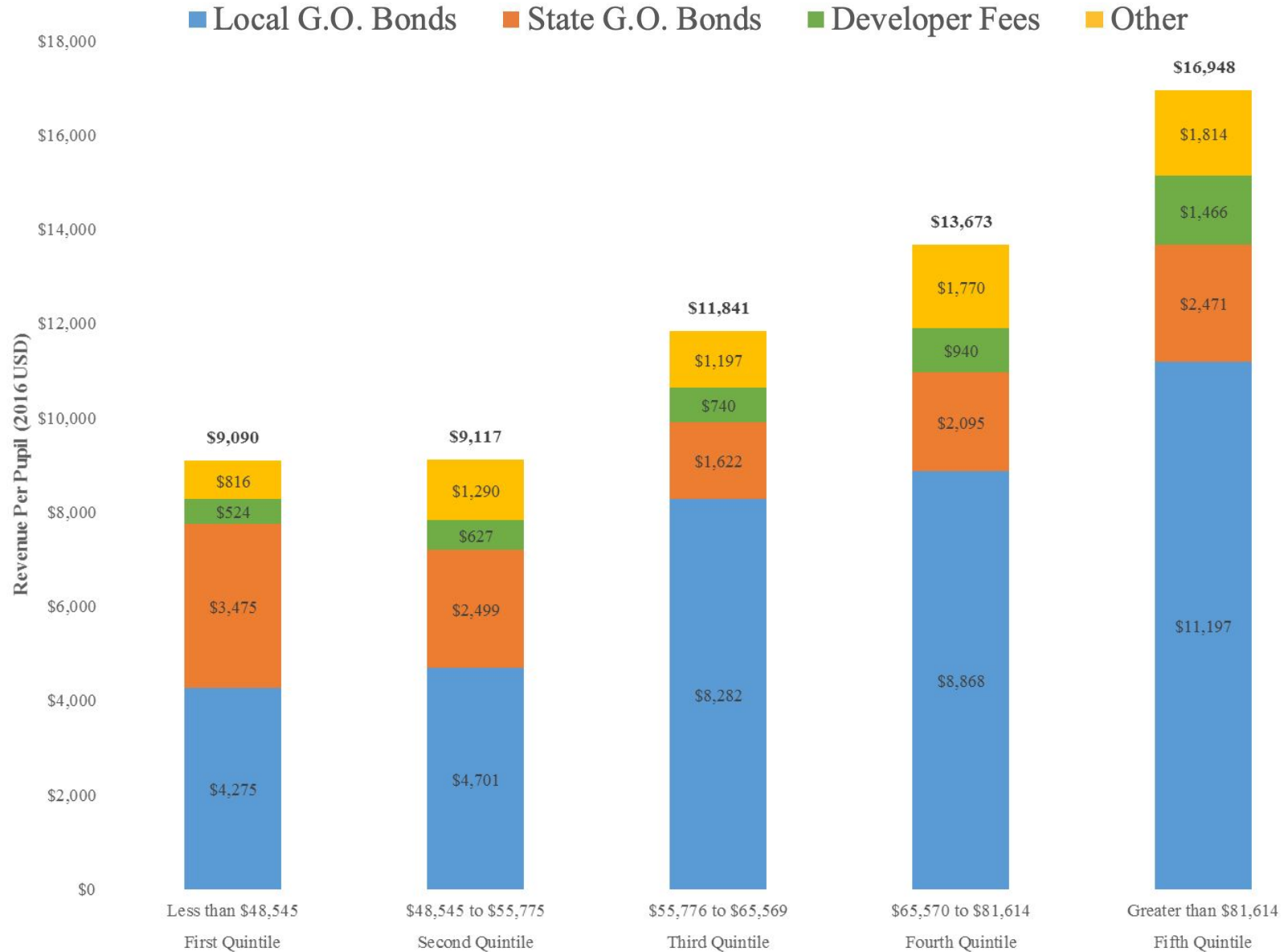
Are disparities in school facility funding systematically related to school district property wealth, income, and the racial/ethnic composition of school districts?

2006-2015

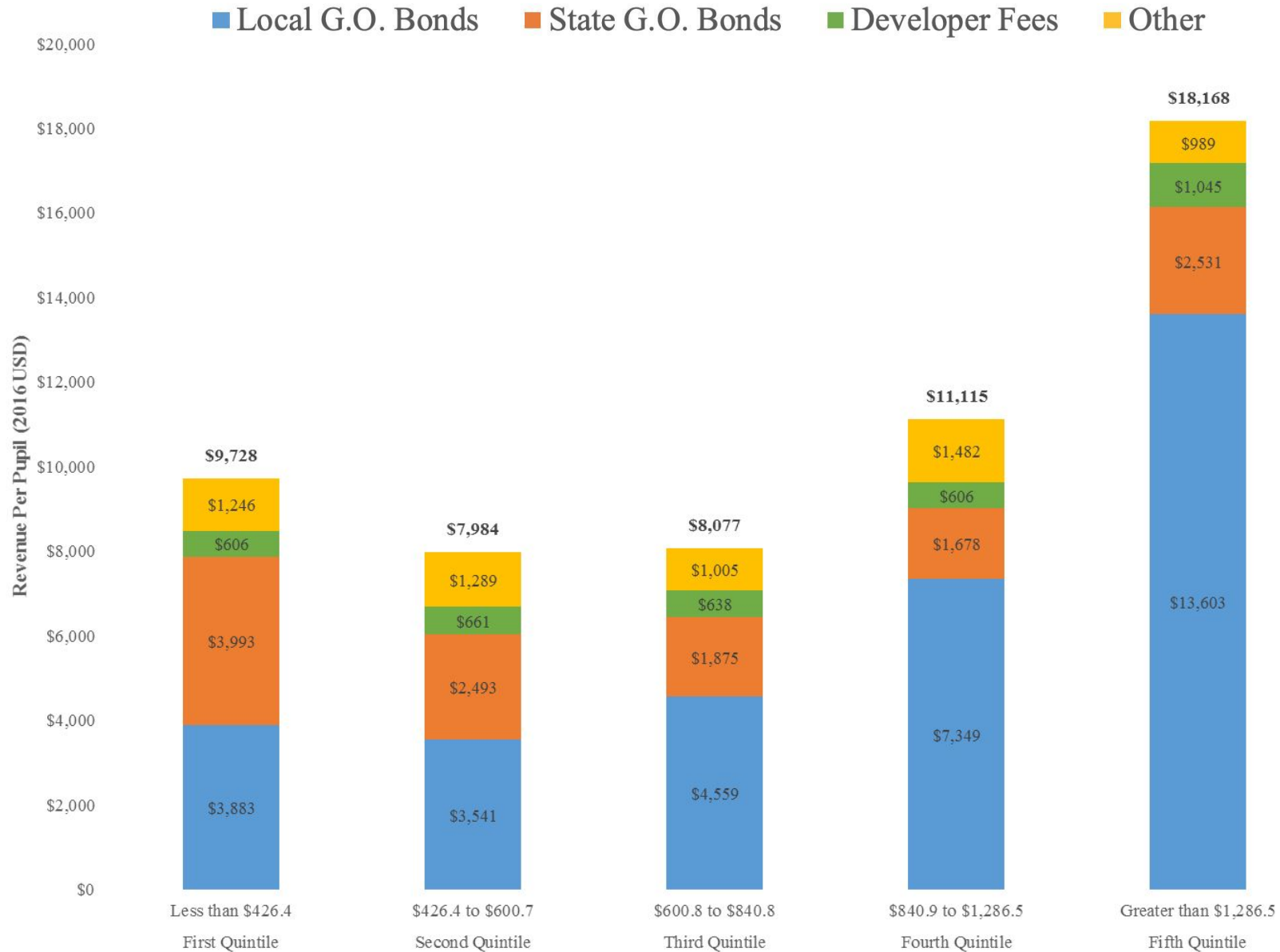
# Distribution of Revenue per Pupil by Quintiles of Enrollment Growth



# Distribution of Revenue per Pupil by Quintiles of Median Household Income



# Distribution of Revenue per Pupil by Quintiles of Assessed Value Per-Pupil



# Distribution of Revenue per Pupil by Quintiles of Share Disadvantaged Students



# Distribution of Revenue per Pupil by Quintiles of Share Nonwhite Students



# Implications

# California's System of School Facility Finance is Relatively Regressive

Our analysis reveals large facility spending differences across districts related to income and property wealth and a state program that does little to dampen inequality except at the very bottom of the wealth distribution.

**Characteristics of Districts by Quintiles of Assessed Value Per Pupil**

Characteristic	First Quintile Less than \$472	Second Quintile \$472 to \$674	Third Quintile \$675 to \$1,024	Fourth Quintile \$1,025 to \$1,446	Fifth Quintile Greater than \$1,446
Median Income	\$45,301	\$53,799	\$59,595	\$64,535	\$73,628
Percent Poor	75.51%	67.29%	59.52%	57.12%	45.41%
Percent Non-Hispanic White	24.20%	28.46%	39.51%	37.94%	51.67%
Percent Hispanic	63.21%	54.30%	45.11%	43.50%	31.19%
Percent Black	3.84%	4.46%	2.58%	2.88%	1.79%
Enrollment Growth	4.20%	1.89%	0.00%	-1.88%	-5.22%



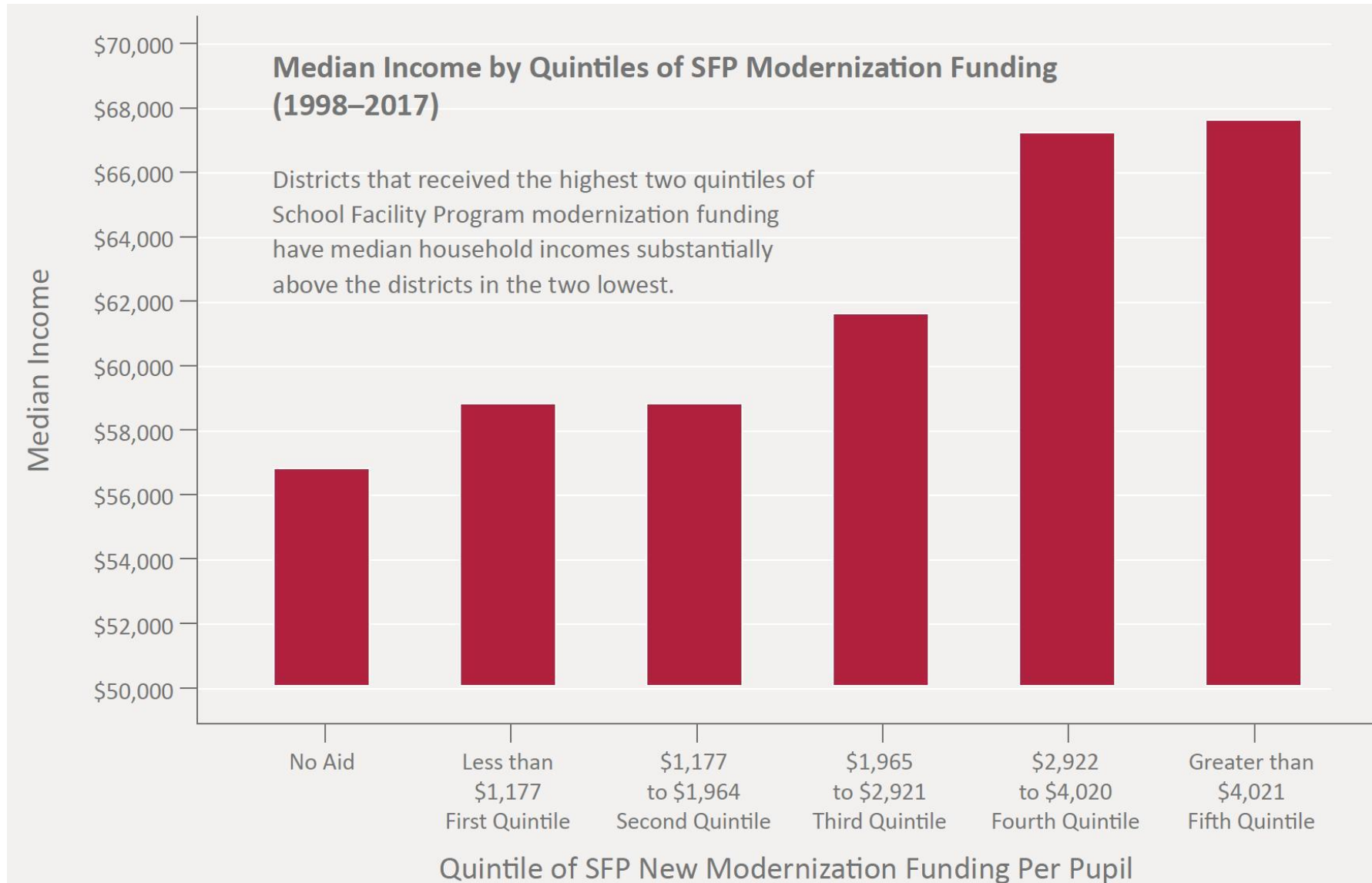
# California's System of School Facility Finance is Relatively Regressive

The distribution of SFP funding for **MODERNIZATION** is consistent with concerns that higher wealth districts and larger districts disproportionately benefit from the first-come, first-serve nature of the SFP program.

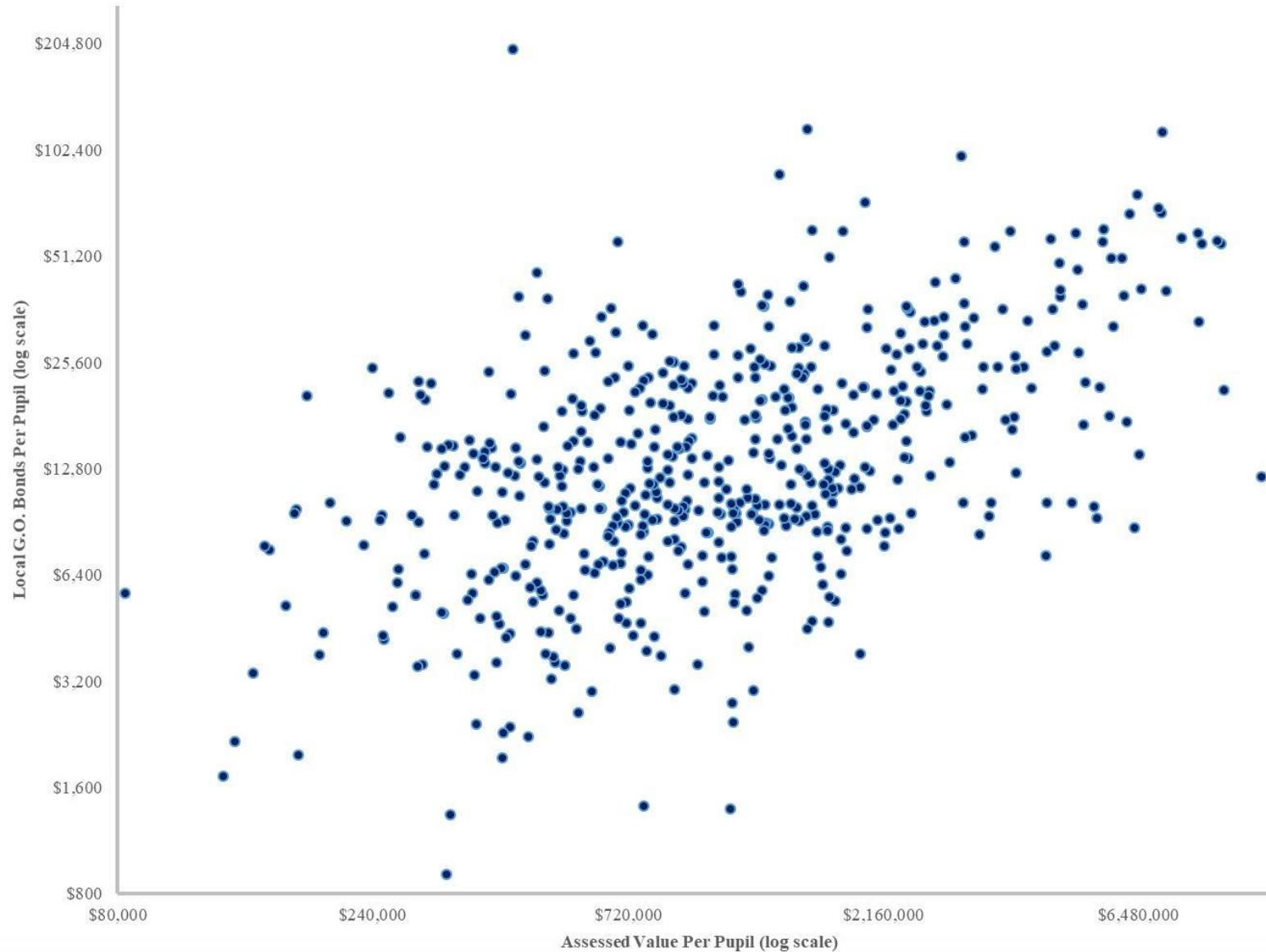
## Characteristics of Districts Receiving SFP Modernization Funding by Quintiles of Funding, 1998-2017

	No Aid	First Quintile Less than \$1,177	Second Quintile \$1,178 - \$1,964	Third Quintile \$1,965 - \$2,921	Fourth Quintile \$2,922-\$4,020	Fifth Quintile Greater than \$4,020
<i>Characteristics</i>						
Assessed Value	\$1,683,610	\$912,388	\$1,010,704	\$1,307,682	\$1,956,601	\$2,354,960
Median Income	\$56,842	\$58,766	\$58,883	\$61,642	\$67,308	\$67,636
Percent Nonwhite	54.64%	65.51%	69.12%	62.79%	58.95%	55.45%
Percent Poor	61.29%	62.02%	64.21%	58.95%	54.18%	50.36%
Enrollment	1,249	7,279	7,911	7,095	6,713	5,801
Enrollment Growth	0.16%	21.73%	15.87%	6.61%	0.71%	-4.88%
Total Revenue	\$13,794	\$20,734	\$22,926	\$22,160	\$24,182	\$28,774
Modernization Aid		\$661	\$1,572	\$2,422	\$3,463	\$5,361
Observations	125	146	123	143	150	174

# California's System of School Facility Finance is Relatively Regressive



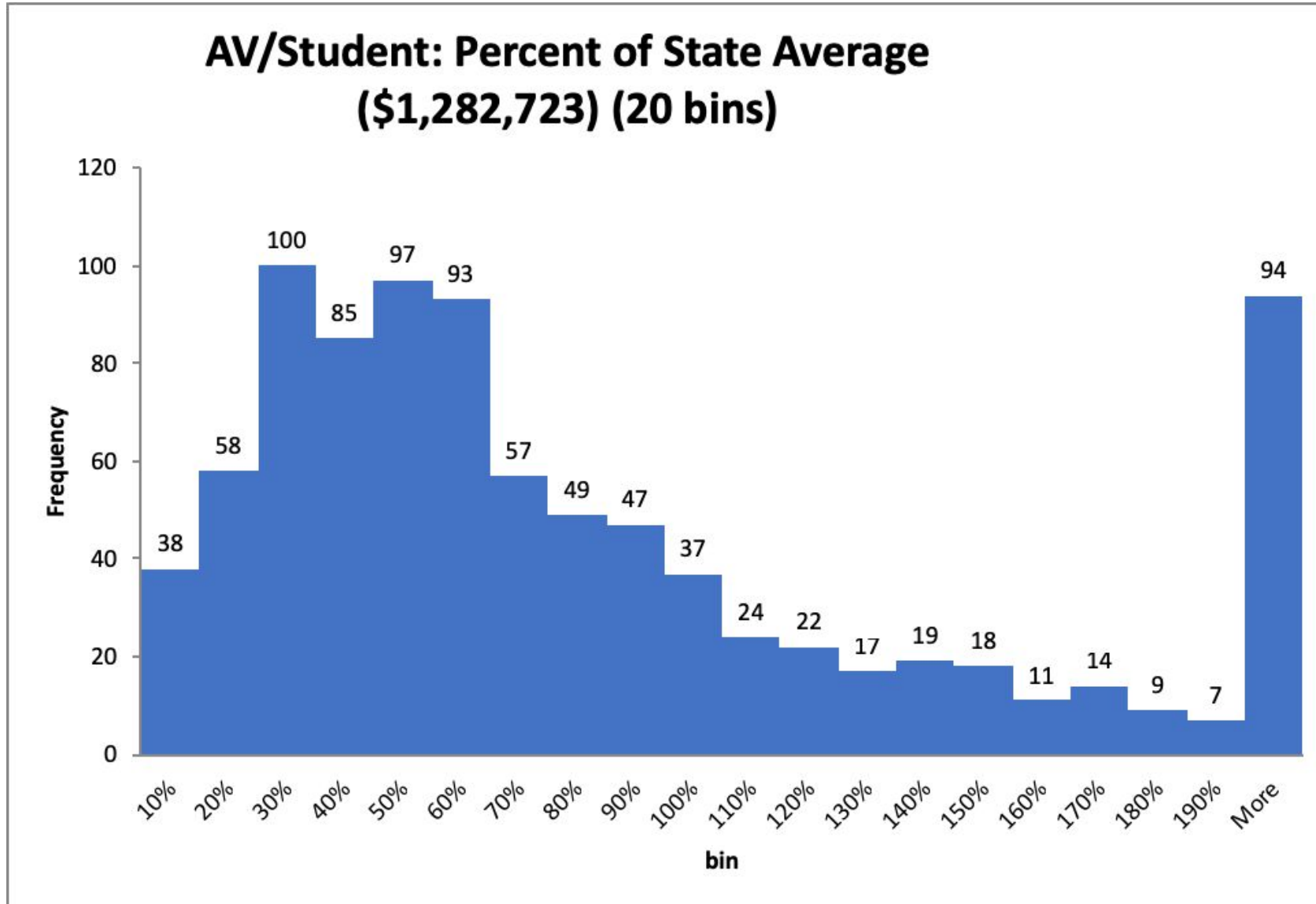
# Local property wealth systematically related to bond revenue



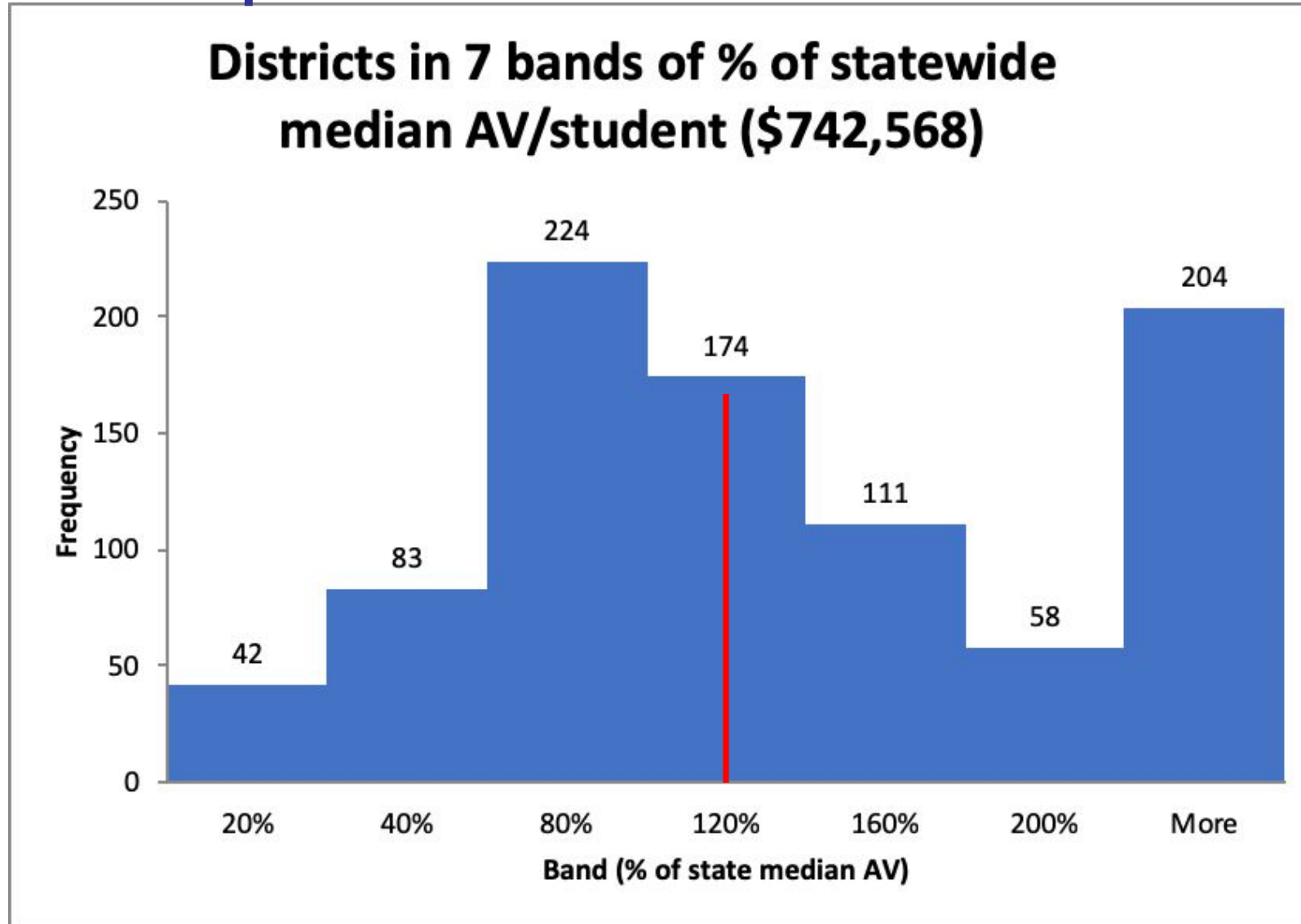
# Implications for California

- Despite Past Investments, K-12 Facility Needs Remain High
- Instability in State Funding Presents Local Challenges
- Local Ability to Raise Facility Funds Varies Widely
- Changing Enrollment Trends Mean Changing Facility Funding Priorities
- Knowing Statewide School Facility Needs Remains Elusive
- Ensuring Efficient State Oversight
- Local Effort and Accountability for School Facilities in the Era of LCFF

# Implications for California



# Implications for California



% Statewide Enrollment	1%	8%	28%	20%	22%	9%	13%
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# Questions?



**CENTER FOR  
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# Revisiting Special Education Finance

Paul Warren and Laura Hill

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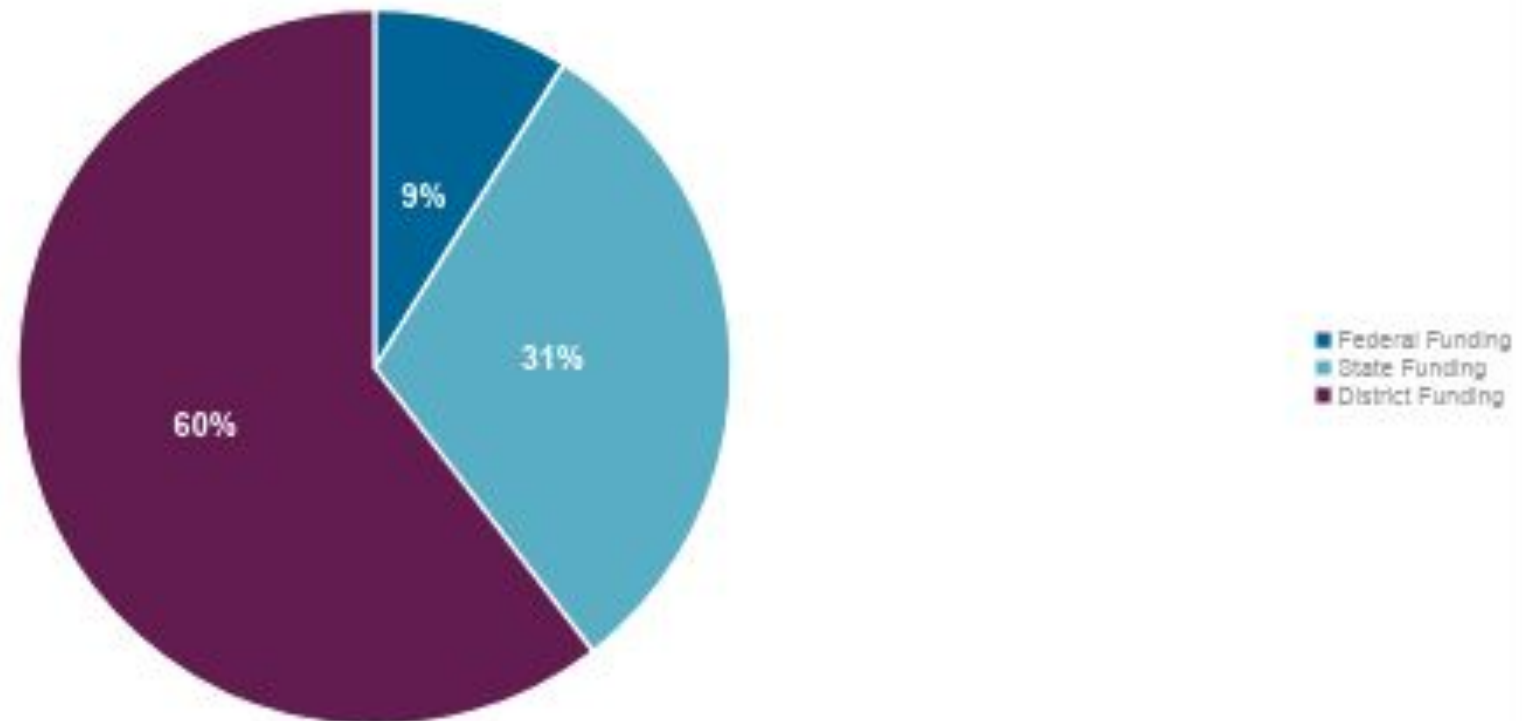
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# Outline

- Special education funding AB 602 formula
- Special education preschool
- Governance and accountability

# Local contributions from districts are main source of special education funding



Sources: Authors' calculations from CDE special education finance data, 2014-15.

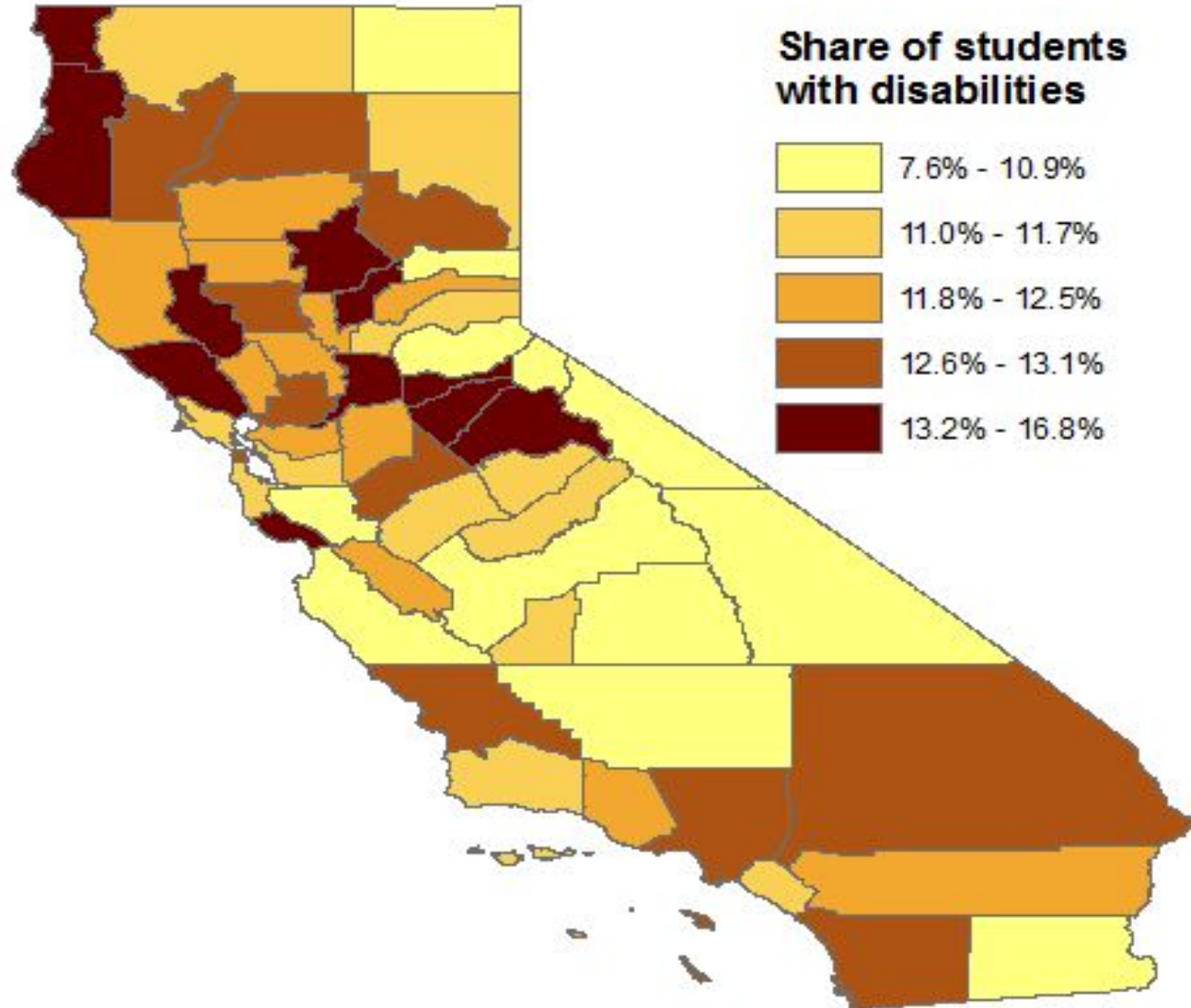
# Rising district costs has boosted local share of costs

- State funding is based on total district ADA.
- District costs have increased significantly.
  - Increasing number of disabled students; declining enrollment.
  - Other cost increases, such as district wage hikes, also boost special education costs.
- Districts must pick up additional costs with local general fund dollars.

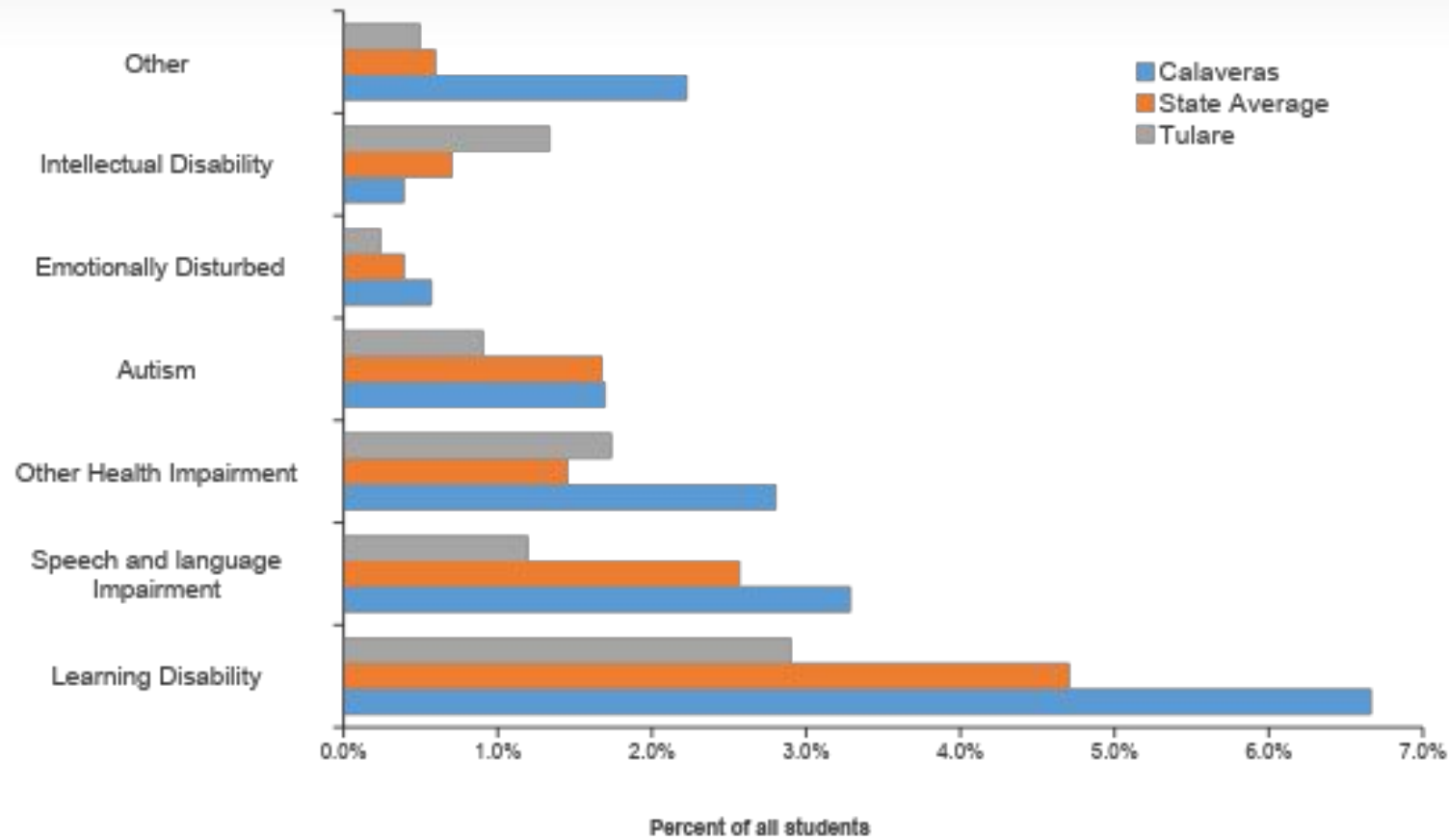
# ADA-based funding still makes sense

- Some groups have proposed to change the special education formula so that it is based on the count of special education students (or certain special education students).
- AB 602 formula avoids creating incentives to identify more students for special education.
- At the county level, the proportion of students identified for special education ranges from about 8% to 18%.

# Percent of students identified with special needs varies across the state



# High incidence districts identify more students for services in almost all disability categories



# Other options for revising state AB 602 formula

- Change the way annual COLA is computed so that the AB 602 is more sensitive to district costs.
  - Base the COLA on the increase in the LCFF base grant each year.
  - Base the COLA on the actual increase in special education spending (using SACS data).
- Equalize district grants (discussed in detail in our 2016 report).

# Outline

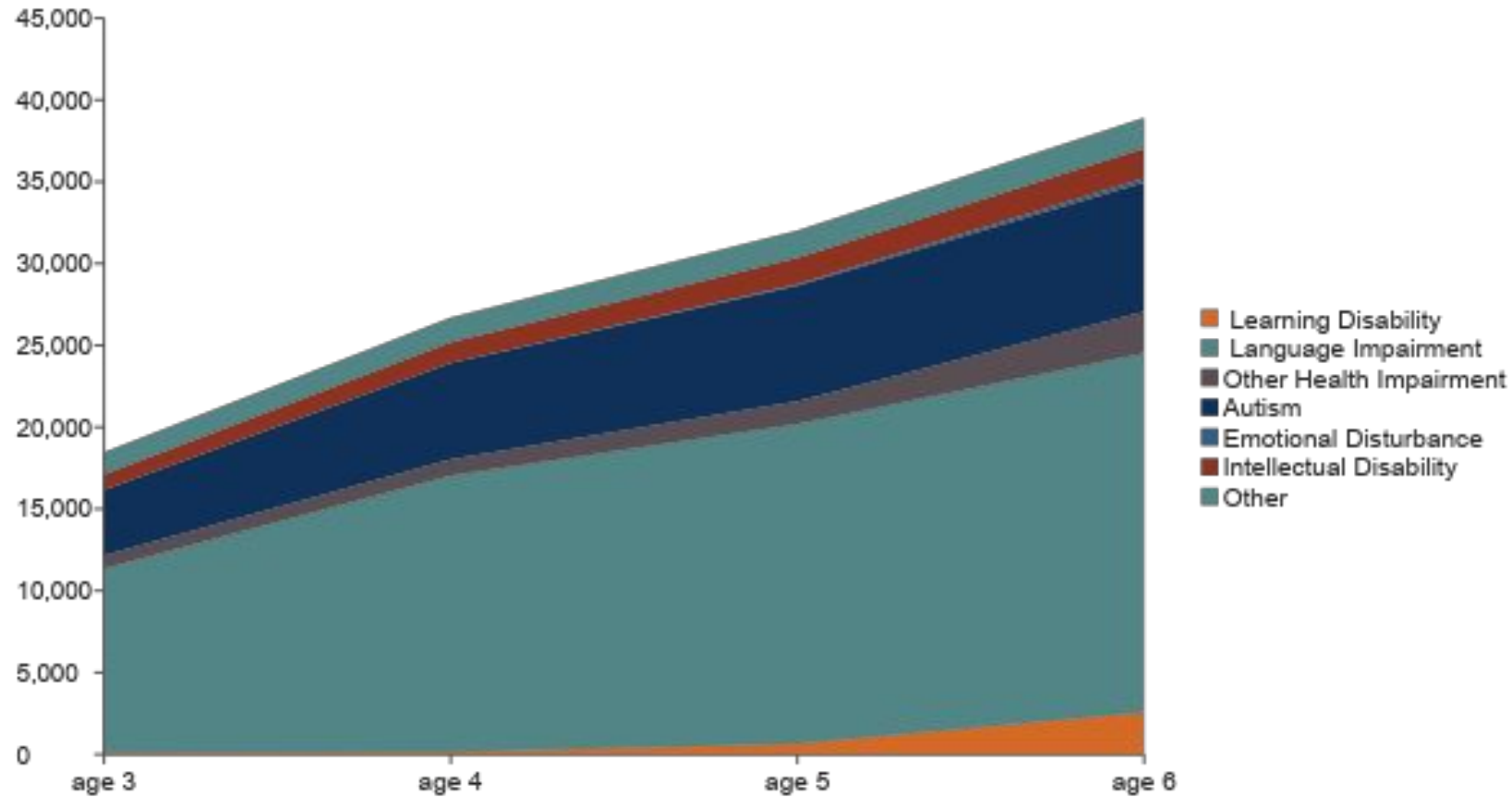
- Special education AB 602 funding formula
- Special education preschool
- Governance and accountability



# Current formula does not adequately fund special education preschool

- Preschool students are not included in district ADA calculations.
- Districts must spend general purpose funds to increase services or serve more preschool children.
- Concern that this problem results in too few students receiving services before kindergarten.

# Relatively few children identified before kindergarten



# Options for improving preschool funding

- Count special education preschool students in ADA calculations.
- Provide a separate special education grant for each preschool student.
  - Recommended by Special Education Task Force in 2015.

# Outline

- Special education funding AB 602 formula
- Special education preschool
- Governance and accountability

# Governance and accountability

- Governance
  - Helping schools and districts improve represents an important new role for SELPAs.
  - Continue to believe SELPAs should give districts more control over funding when desired.
- Accountability
  - Existing accountability measures are not comparable, because each school and district serve different mixes of disabled students (Calaveras and Tulare).
  - Accountability indicators need to be based on each student's growth in performance, not on average group scores.

# Questions?



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# Upcoming PACE Events

**January 11, 2019**

Citizen Hotel, 2-3:30pm

Rural Professional  
Learning Network  
Seminar

**January 18, 2019**

Crocker Art Museum  
11:30-1:00pm

PACE Seminar on *Pensions  
and California Public  
Schools*

**February 1, 2019**

PACE 2019 Annual  
Conference,

Kimpton Sawyer Hotel  
9am-4pm



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Putting Evidence into Action  
to Advance Equity in  
California