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How it Works-The Local Civic Process School Finance

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Lamorinda's public schools are grappling with the impact of significant reductions in State funding. The How it Works series shifts gears to take a look at how our public schools are financed.

"Schools in Lamorinda are among the lowest funded in the State," states Nancy Vandell, Vice President of Education and Legislation for the 32nd District PTA. This seems incongruent with the high education levels of adult residents, the high property values of the homes, and the emphasis placed on education in these communities. Although Lamorinda's public schools have historically been quite successful at bridging the State funding gap, cuts to education funding over the past three years have caused local school districts to eliminate people and programs. To the most involved parent or education savvy individual, school finance in California is complex and convoluted. This article will provide an overview of some of the basics of the process.

Revenue Limits: Prior to 1972, local public schools were funded in large part by local property taxes. This created a disparity in funding among districts statewide that was deemed unconstitutional (Serrano vs. Priest is the now landmark case.) In response, the legislature pooled local property taxes to fund all public schools in the State. Revenue limits, the amount the State provides a school district, were established based on the per pupil spending in a district at that time. Lamorinda schools were on the low end of the spending scale, so going forward they received less State education dollars as compared to many other schools. Over time, there has been some equalization of State funding to school districts. At this point, Lamorinda schools annually receive \$25 to \$50 per student, less than 90% of the state average according to Vandell. State education funding in Lamorinda is, at the minimum, 10% less than the State average.

Proposition 98: A full understanding of all the complexities of the ballot initiative, which was passed in 1988, eludes most. Essentially, Proposition 98 committed the State to spending 40% of the general fund on K through 14 schools. When the State's revenues go up, schools benefit; as revenues decline, schools receive less funding.

Funding Sources: Typically in California, about 60% of school revenues come from the State (mainly income and sales tax revenue), about 23% are from local property taxes, and federal funds contribute about 10%. The State lottery contributes less than 2% to school funding statewide. The lottery's annual contribution to Contra Costa County represents 1.3% of the funding public schools receive. Local and miscellaneous sources, including parcel taxes and contributions from foundations and individuals, comprise the rest. The specific distribution of funding sources in Lamorinda schools may differ; each district has its own combination of federal, state, and local sources.

Local Revenue: Around 1986, local jurisdictions were given the power to enact local taxes-at a flat rate per parcel-for any purpose designated on the ballot. The bar for passage of the parcel tax was set high at a 2/3 threshold. All of the public school districts in Lamorinda's K through 12 schools have a parcel tax that contributes to their revenue stream.

School facilities bonds can also be passed in a local election. These bond measures can only be used for improving the school facilities (e.g., fixing the roof, resurfacing the pool, upgrading the technology infrastructure), and the amount per taxpayer varies depending upon the assessed value of his/her property.

With the passage of Proposition 39 in 2000, the voter threshold for facilities bonds was reduced to 55%. In November of 2008, local voters passed Measure E, a \$93 million facilities bond for the Acalanes Union High School District (AUHSD) earmarked for infrastructure projects at the District's four traditional high schools, renovations and expansions at the Adult Education Center, and a 10-year technology fund.

Expenses: The large majority of school district expenses are related to the salaries and benefits of the classified employees, teachers, other certificated staff, and administrators. For the AUHSD, 86% of the budget goes toward these staffing expenses.

There is much more to school finance in California. Subsequent segments of the How it Works series will work to provide further information on the complexities of this process. Next up in the How it Works series will be a guide to LAFCOs (local agency formation commissions).

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