SCHOOL FINANCE

Adopted by Convention Delegates May 7, 1976
Reviewed by Board of Managers March 2005

WHEREAS, The current method of financing public schools in California does not provide adequately for the effect of inflation on the cost of education; and

WHEREAS, The percentage of the cost of education being borne by the state has continued to decline as local assessed valuations have increased; and

WHEREAS, In spite of legislation intended to provide full state funding for programs newly mandated or increased by state action, certain dates have a continuing escalating impact on school district budgets without commensurate financing from state sources; and

WHEREAS, There is still unjustifiable disparity in the tax rates and expenditure levels of school districts in California; and

WHEREAS, The difficulty of generating politically feasible legislation to provide equal educational opportunity as required by the Serrano v. Priest decision will most likely delay the revision of the method of financing the state's schools; and

WHEREAS, Many of California's children, as they go through school, are being deprived of an adequate education because of inadequate financing of the public schools; now therefore be it

RESOLVED, That the California State PTA urge that legislation be enacted immediately to assure to school districts an increase in funding to offset the impact of inflation on all programs and the erosion of state aid resulting from increased local assessed valuations, as an interim course pending total revision of the state's method of financing public education; and be it further

RESOLVED, That the California State PTA urge the state Legislature and the Governor to enact legislation to provide equity in funding of school districts and assure a quality education to every child, meet the special needs of children of diverse economic, physical and academic circumstances, and take into account the particular needs of school districts with respect to such problems as sparsity, density, and variations in the cost of providing educational services.

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BACKGROUND SUMMARY

At its annual State Convention in 1974, the California State PTA adopted a resolution entitled, "Revision of the System of Financing Public Schools in California," which called for enactment, without delay, of legislation consistent with the Serrano v. Priest decision.

Since that time, it has become apparent that the requirements of the Serrano v. Priest decision will not be met legislatively in the near future. Meanwhile, school districts throughout the state have been required to cut back educational programs as a consequence of the fact that under the provisions of Senate Bill 90 (1972) and Assembly Bill 1267 (1973), a 6% maximum inflation factor was allowed for school district revenue limits, at a time when inflation actually far exceeded that amount. Furthermore, this inflation factor applies only to the revenue limits. There is no inflation factor for programs for educationally disadvantaged youth, early childhood education, and other categorical programs.

The amount of state aid to any school district depends upon the levels of the elementary and high school foundation programs, and the assessed valuation per unit of average daily attendance—with each district receiving an assured $125 per a.d.a. in basic aid. In any school district, if the percentage increases in assessed valuation per a.d.a. exceed the percentage increase in the foundation program, the percentage of state support decreases accordingly. Senate Bill 90 intended to prevent this "slippage" of support statewide by adjusting the foundation program by the percentage change in the statewide assessed valuation per a.d.a. In 1973, passage of Assembly Bill 1267 established a maximum dollar increase for foundation programs contingent upon an increase in the statewide assessed valuation per a.d.a. equal to at least 7% No provision was made for a greater adjustment in the foundation program if the increase in assessed valuation per a.d.a. exceeded 7%. Because greater increases have occurred, "slippage" of state support has resulted since the initial implementation of Senate Bill 90.

Senate Bill 220 (1975) provided a one-year partial relief to school districts, but fell far short of providing for inflation and slippage. The Governor and many members of the Legislature have indicated their intent to postpone substantial financial assistance for school districts, at least until the enactment of legislation fully complying with the Serrano decision.

CALIFORNIA CONSUMER PRICE INDEX

YEAR		% Change From Previous Year	
1972-73	+	6.01	
1973-74	+	10.63	
1974-75	+	10.41	
1975-76	+	7.22	(estimated)

Source: UCLA Forecast, 1976