

Public Education Funding: How Did We Get Here and Where Are We Headed?

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Hosted by:

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Presented by:

Ron Bennett, President and CEO
School Services of California, Inc.

Peter K. Fagen, Managing Partner,
Fagen Friedman & Fulfrost



Fagen Friedman & Fulfrost LLP



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Introduction

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- **How Does California Compare With Other States?**
- **Overview of the Two Major Education Tax Initiatives**
 - **The Governor's Initiative—The Schools and Local Public Protection Act of 2012**
 - **The Munger/PTA Initiative—Our Children, Our Future: Local Schools and Early Education Investment and Bond Debt Reduction Act**
- **A Comparison of the Two Initiatives**
- **Weighted Student Formula**
- **Informational Versus Advocacy—Legal Issues**

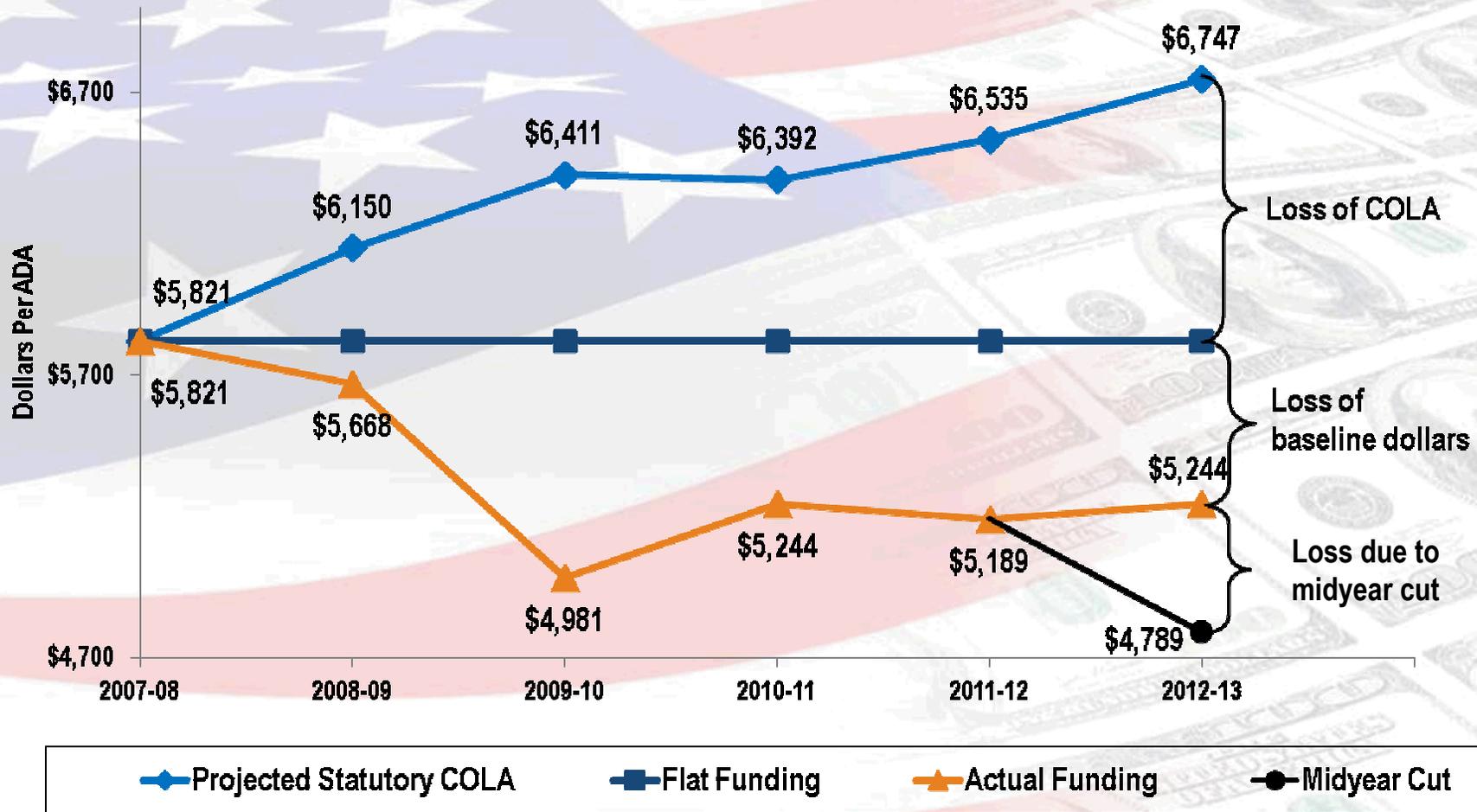
How Does California Compare to Other States?

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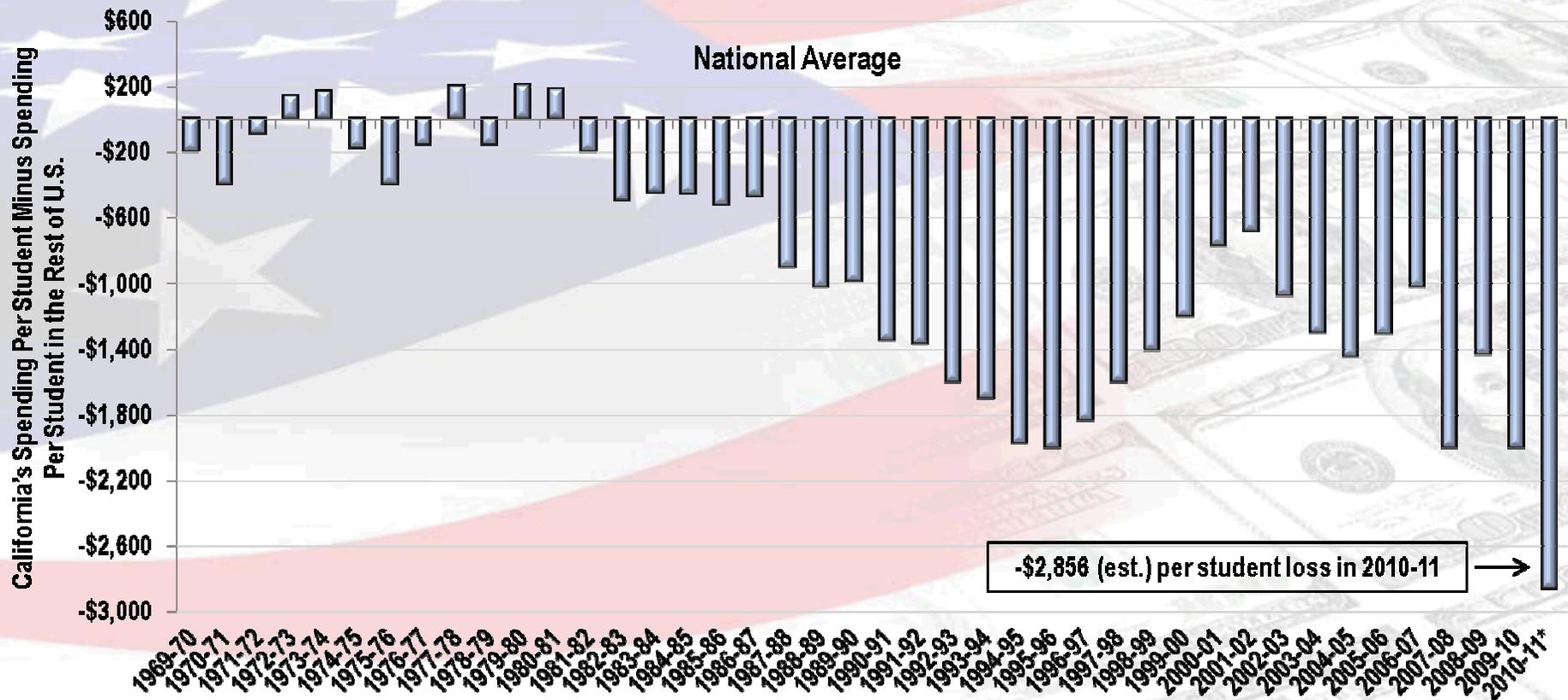
Funding Per ADA – Actual vs. Statutory Level

Average Unified District



California's Education Spending Continues to Lag

California's K-12 Spending Per Student Lags Behind That of the Rest of the U.S. More Than at Any Time in 40 Years



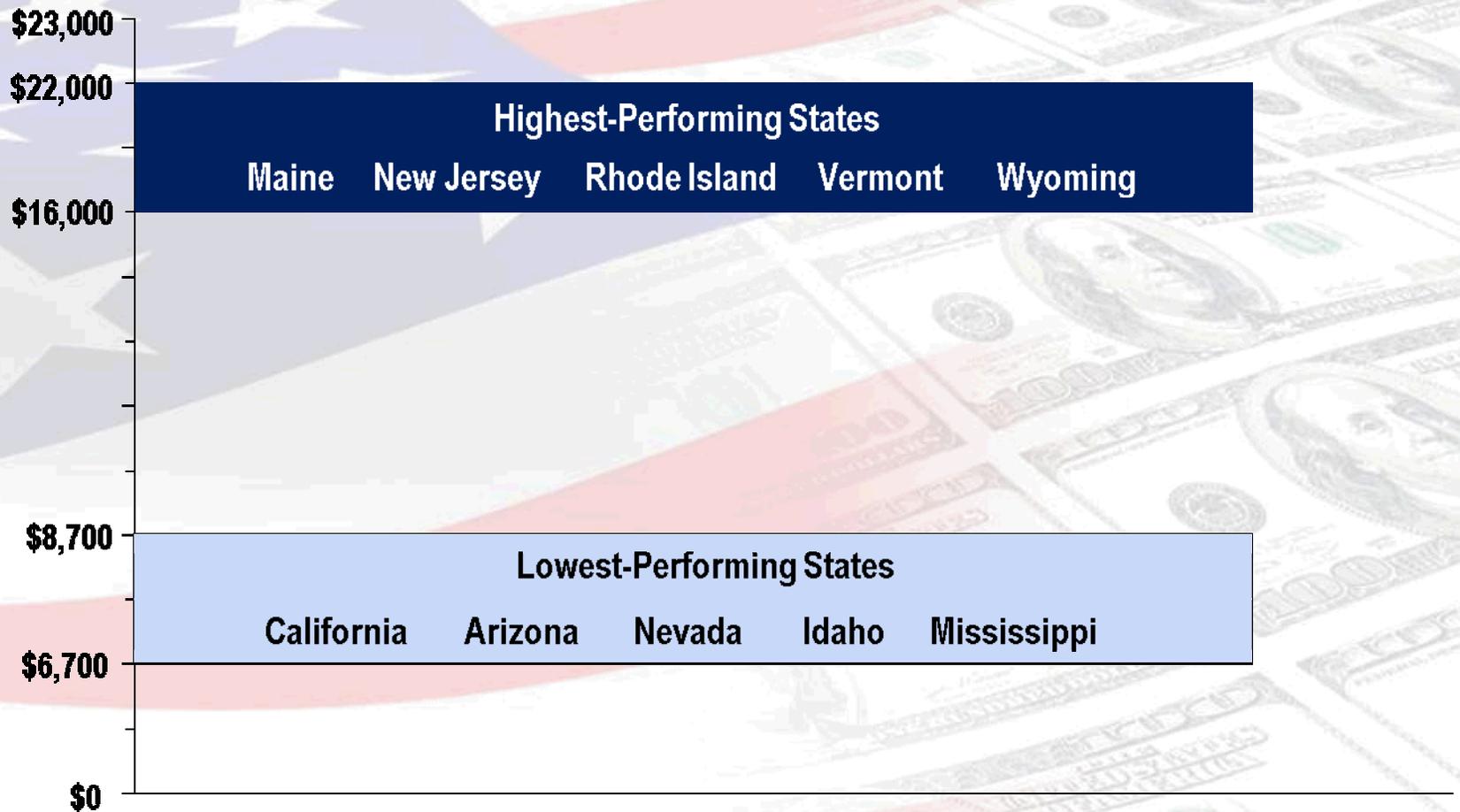
* 2010-11 data estimated

Note: Rest of U.S. excludes the District of Columbia

Source: National Education Association

Money Matters in Student Performance

Test Scores vs. Dollars Per Student



California's Spending Lags the Nation

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California's Schools Lag Behind Other States on a Number of Measures

	California Rank	California	Rest of U.S.
K-12 Spending Per Student (2009-10)*	44	\$8,826	\$11,372
K-12 Spending as a Percentage of Personal Income (2008-09)*	46	3.28%	4.25%
Number of K-12 Students Per Teacher (2009-10)*	50	21.3	13.8
Number of K-12 Students Per Administrator (2007-08)	46	358	216
Number of K-12 Students Per Guidance Counselor (2007-08)	49	809	440
Number of K-12 Students Per Librarian (2007-08)	50	5,038	809

*Estimated

Note: "California Rank" and "Rest of U.S." exclude the District of Columbia. Spending per student and number of students per teacher are based on average daily attendance (ADA). Number of students per administrator, guidance counselor, and librarian are based on statewide enrollment.

Source: National Education Association, National Center for Education Statistics, and U.S. Bureau of Economic Analysis

An Overview of the Two Major Initiatives Expected to be on the November 2012 General Election Ballot



The Munger/PTA Initiative

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- **“Our Children, Our Future: Local Schools and Early Education Investment and Bond Debt Reduction Act”**
- **This measure is designed to provide a significant amount of funding directly to school sites and early childhood education**
 - **With a minimum of administrative cost and influence**
 - **New taxes are broad-based, but high earners pay more**
 - **Separate and above any other state or local funding**
 - **It provides funding for retirement of state-level debt during the first 4 years**
- **This initiative is clearly intended to provide supplemental funding for public education to improve California’s comparative standing with other states**

The Governor's Initiative

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- **“The Schools and Local Public Protection Act of 2012”**
- **This measure is designed to provide additional revenues to the state general fund to avoid further cuts to public education**
 - **The revenues would be part of the state's general fund budget and administered according to state law**
 - **New income taxes heavily weighted toward highest earners**
 - **Sales tax increase would affect all taxpayers**
 - **This funding would be part of the state's normal funding to schools, not additional**
 - **The additional revenue could prevent deeper cuts to public education**
- **This initiative helps the state to meet its commitments, but in the near term does not provide additional funding for public education**

Education Funding Initiatives

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Proponent and Title	Total Revenues Generated	Education Revenues Generated	Source of Additional Revenues	Duration
Governor Jerry Brown – “The Schools and Local Public Protection Act of 2012”	\$8.5 billion in 2012-13; \$6.5 billion thereafter	Limited – additional funds offset State General Fund (GF) obligation; \$2.9 billion increase in Proposition 98 first year	Quarter-cent sales tax increase; up to 3% increase in personal income tax rate for high-income earners (\$250,000 and above)	4 years sales tax, 7 years income tax
* Molly Munger (PTA supported) “Our Children, Our Future: Local Schools and Early Education Investment and Bond Debt Reduction Act”	\$5 billion in 2012-13; \$10 billion thereafter	First 4 years: 60% K-12 schools 10% Early childhood education (ECE) 30% State GF bond debt Remaining years: 85% K-12 schools 15% ECE	Increase in personal income tax for all but low-income earners, from 0.4% for lowest income individuals to 2.2% for individuals earning more than \$2.5 million	12 years

* The Munger initiative provides K-12 funds on a school specific, per-pupil basis, subject to local control, audits, and public input. It also prohibits the state from directing or using these funds.

A Detailed Comparison of the Two Major Initiatives



Comparison of the Initiatives

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	Our Children, Our Future	Governor's Compromise Proposal
General Fund Impact	<u>Years 1-4</u> General Fund relief due to state bond debt payments of about \$3 billion annually <u>Years 5-12</u> Negligible – Funds outside Proposition 98	Used to fund Proposition 98 guarantee, freeing up General Fund revenues for other priorities
Proposition 98 Impact	Negligible – Funds outside Proposition 98	Increase in Proposition 98 guarantee of approximately \$2.9 billion in the first year
Local District Impact	Roughly \$1,000 per ADA	Indeterminate for the first few years. Increase in Proposition 98 funding to be used to pay down interyear deferrals, reduce deficits, fund COLAs.

Comparison of the Initiatives

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	Our Children, Our Future	Governor's Compromise Proposal
Revenue Source	Increase in personal income tax for all but low-income earners, from 0.4% for lowest income individuals to 2.2% for individuals earning more than \$2.5 million	1/4 cent sales tax 1% to 3% income tax increase on earnings greater than \$250,000
Revenues Generated (From LAO)	2012-13: \$5 billion Each year thereafter – roughly \$10 billion	2012-13: \$6.8 billion to \$9 billion Each year thereafter – \$5.4 billion to \$7.6 billion
Revenue Allocation (State)	<u>Years 1-4</u> 30% (\$3 billion) – State Bond Debt Relief 60% – K-12 Programs 10% – Early Childhood Education Programs <u>Years 5-12</u> 85% – K-12 Programs 15% – Early Childhood Education Programs	<u>Proposition 98:</u> 89% for school districts, county offices of education, and charter schools 11% for community colleges; <u>State General Fund:</u> Determined through annual budget

Comparison of the Initiatives

	Our Children, Our Future	Governor's Compromise Proposal
Revenue Allocation (District)	Funding formula based on CBEDS enrollment counts. Funds to be used to support local schools. Restrictions on use; requirements to supplement, not supplant, existing funds.	Increased Proposition 98 funding allocated according to State budget priorities; remainder offsets state aid.
Accountability	<p>Prohibits use of funds for administrative costs, or for increasing compensation for current staff</p> <p>Requires at least two meetings annually for each school site: one for input on use of funds; and one for response to board recommendations prior to action.</p> <p>Public display of school-level budget</p> <p>Annual report on the use of funds</p>	<p>Requires open meeting of the governing board to make spending determinations</p> <p>Prohibits revenues from initiative from being used for administrative costs</p> <p>Public display of how tax revenues spent</p> <p>Inclusion of tax revenues expenditures in LEA's annual financial and compliance audit.</p>

Comparison of the Initiatives

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	Our Children, Our Future	Governor's Compromise Proposal
Duration	2013 through 2024	Sales Tax Increase: 2013 through 2016 Income Tax Increase: 2012 through 2018
Signatures Required	504,760	807,615
Initiative Type	Statutory Initiative	Constitutional Initiative
Chief Supporters	Molly Munger, CA PTA, The Advancement Project, CSBA	Governor Brown, CTA, CFT, CSBA, CSEA
Notes	Would result in General Fund savings in the first four years as a result of initiative's allocation towards bond debt	Also makes permanent the sales tax shift for realignment Weighted Student Formula implementation contingent upon passage (per May Revision)

What If They Both Pass?

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- If provisions of two or more measures that are approved at the same election are in conflict with each other, the provisions of the ballot measure receiving the most affirmative votes goes into effect (*Article II, Section 10 (b) of the California Constitution*)
- However, both initiatives contain language deeming them to be in conflict with the other

What If They Both Pass?

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- **If both initiatives pass and Governor Brown's initiative receives more votes**

- **Brown's sales tax realignment and the personal income and sales tax increases go into effect**

- **Munger's initiative is null and voided**

- **If both initiatives pass and Munger's initiative receive more votes**

- **The Munger initiative's personal income tax increases would go into effect**

- **The sales and income tax increase provisions of Brown's initiative would be null and voided**

- **It is unknown whether the sales tax realignment would go into effect due to the 'deeming to be in conflict' language in both measures and would likely have to be resolved by the courts**

Weighted Student Formula



Weighted Student Formula – January Proposal

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- In January, the Governor proposed to fix the state’s current school finance system, which he found “too complex, administratively costly and inequitable”
 - The Governor sought an overhaul of the system that would provide greater decision making authority for local education leaders
 - The January WSF included the following features:
 - A base funding level of \$4,920 per ADA
 - Supplemental and concentration grants providing a minimum of 37% more for each unduplicated count of English Learners and pupils eligible for free and reduced-price meals
 - A five-year implementation schedule beginning in 2012-13 with no hold harmless protection
 - Qualitative and test-based accountability measures
- During legislative hearings and meetings with the education community about this proposal, the Administration received considerable critical feedback

Weighted Student Formula Changes

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■ The May Revision makes several significant changes to the Governor's WSF, including:

● Increases the base funding level to a statewide average of \$5,421 per ADA, with grade span differentials of:

■ Grades K-3: \$5,466 per ADA

■ Grades 4-6: \$4,934 per ADA

■ Grades 7-8: \$5,081 per ADA

■ Grades 9-12: \$5,887 per ADA

● Reduces the supplemental grant to 20% of the base grant for English Learners and students eligible for free and reduced-price meals

● Reduces the concentration grant to 40% of the base grant for disadvantaged students that exceed 50% of the district's enrollment

● Removes the Targeted Instructional Improvement Grant from the categorical programs list for the WSF

● Increases the phase-in period to seven years, with 2012-13 held harmless

Weighted Student Formula and Taxes

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- The WSF is now tied to the Governor's November tax initiative and will not take effect if the initiative fails
- Also, note that the base funding grant for the K-3 grade span includes funds that are currently designated for K-3 Class-Size Reduction (CSR)
 - School districts would have full flexibility in the use of these funds
- The May Revision also conditions full implementation of the WSF on:
 - Restoration of funding for revenue limits through the elimination of the deficit factor
 - This condition may be at odds with the seven year phase-in period
 - Adoption of additional indicators of school and district success for the accountability system in 2013-14

Informational Versus Advocacy— Legal Guidelines



Informational Versus Advocacy

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■ Key points

- **General principles addressing expenditure of public funds for political activities**
- **Limitations on use of funds and resources**
- **Do's and Don'ts of political advocacy for elected officials and district employees**

Informational Versus Advocacy

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■ Principles

- Free election of the people
- Avoid distortion of the democratic electoral process

Informational Versus Advocacy

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- District resources for ballot measures

- California Education Code imposes strict limitations on the use of district/COE resources for ballot and bond measures

Informational Versus Advocacy

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■ The Key

- Information must be fair and impartial presentation of relevant facts to aide the electorate in reaching an informed judgment
- You may inform the electorate about the initiatives, including potential benefits and consequences

Informational Versus Advocacy

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■ What to avoid

- Use of district or COE phone, mobile phone, fax, email, all office supplies (including paper, pens, pencils) vehicle, printers, copiers, postage, scanners, *staff time*
- Use of district or COE resources to purchase advertising space or promotional materials, such as bumper stickers, buttons, posters
- Use of staff time to disseminate materials that were privately funded

Practical Pointer –
If the agency procures or pays for it, do not use it

Informational Versus Advocacy

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■ What may you do?

- Informational materials must give a fair and balanced presentation of the facts
- Identify the consequences, both the good and bad

Practical Pointer –

**Avoid inflammatory, argumentative or persuasive language –
tone should be neutral, fact-based, and balanced**

Informational Versus Advocacy

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■ What constitutes informational versus advocacy?

- There is no hard and fast rule
- Courts tend to focus on style, tenor and timing of the material
- Is the material/message basically informative and factual, or does it try to sway?
- When and how was the information is released? Was it released using the normal channels of communication (newsletters, website) or was a “special edition” created and disseminated?

Practical Pointer –

Avoid using words such as “vote for,” “vote against,” “cast your ballot,” “support,” “reject,” “sign petitions for,” or “defeat”

Informational Versus Advocacy

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Question:

- A group wants to run an ad on a school or district website or in a newsletter, can you deny this?

Answer:

- Prohibited from expending public funds in an attempt to influence the electorate
 - This includes providing space for partisan messages
- This is true even if you offer equal space to both initiatives
- The district is the authority regarding content of its communications pieces

Informational Versus Advocacy

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Question:

- Can the board pass a resolution in support of or opposition to a ballot measure?

Answer:

- Absolutely
- The language in the resolution should be simple, measured, and informative
 - It must not be designed to persuade
- Adoption of a resolution must take place during a regularly scheduled board meeting, and the public must be provided opportunity to comment on the item
- It is not improper for a public agency to take a position on a measure/initiative
 - It is improper for the agency to use public funds to mount a campaign

Informational Versus Advocacy

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Question:

- Are there forums in which board members and staff may express their position?

Answer:

- Yes, if a public or private organization specifically requests the appearance of a school board member or staff to present information on the ballot measure
 - You may attend, but your presentation must remain fact based
 - The representative may not attend such meetings during the regular work day

Informational Versus Advocacy

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Question:

- Can a school board member or staff actively support or oppose a ballot measure in their private (individual) capacities?

Answer:

- Yes – no restrictions may be placed on the outside political activities
- May not use district funds, resources/staff, or participate in activities during working hours
- You may:
 - Attend rallies, meetings, political, or campaign-related events
 - Urge other to vote “yes” or “no,” and solicit or receive political contributions to promote the passage of a ballot measure

Informational Versus Advocacy

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Question:

- To what extent may a school district regulate the political activities of its employees on school property?

Answer:

- Employees do not forfeit their free speech rights on school grounds
- No funds or contributions may be solicited or received by employees during working hours
- Working hours do not include before and after school and a duty-free lunch period, or other scheduled work intermittency during the work day
- No person may enter onto district property for the purpose of making such solicitations or campaigning

Information Versus Advocacy

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Question:

- What can you do to inform the electorate and what are your responsibilities?

Answer:

- Study the initiatives
- Determine the pros and cons of each
- Identify where to locate informational resources and other materials regarding the initiatives to better inform the electorate
- You may actively support a measure in your individual capacity, however, you must make it clear that your efforts are during non-working hours and are not intended to represent the views of the district

Thank You for Attending

**Comprehensive guidelines for
“Advocacy within the Legal Limits” are available at
www.fagenfriedman.com**

**This presentation will be available in video and download
on Monday June 11, 2012 at SSCal.com**

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