HISTORY OF EDUCATION FUNDING IN CALIFORNIA
HISTORY

- Until 1970s local control
- Since then State control
- Until late 70’s local property taxes major share of school funding
- State guaranteed a “funding floor” if district taxed themselves at a minimum level
- State funded extraordinary costs; i.e. trans in rural)
- Local ppty tax = 60% (22%)
- State 34% (67%)
- Federal 6% (9%)
- 10% revenues restricted (40% of State 67%)
- State controls local spending through centralized finance system
MAJOR POLICY EVENTS SINCE EARLY 1970s

<table>
<thead>
<tr>
<th><strong>Serrano v Priest</strong></th>
<th><strong>Proposition 13 – 1978</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>- School revenues too reliant on property taxes. Poor areas couldn’t raise the same as rich areas</td>
<td><strong>Property Tax Shift (1979)</strong></td>
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<td><strong>SB 90 (1972)</strong></td>
<td>- 1979 Legislature gave large share of property tax to local governments and made up difference to districts’ revenue limit with state aid</td>
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<tr>
<td>- Established Revenue Limits that limit districts’ general purpose revenues</td>
<td><strong>Proposition 98 (1988)</strong></td>
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<tr>
<td>- 1973-74 revenue limit based on state aid and local property tax received in 1972-73</td>
<td>- guaranteed predictable funding source that would grow with economy and ADA</td>
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<td>- Annual inflation adjustment, but “squeezed” high-wealth districts</td>
<td>- Three tests</td>
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</tbody>
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CATEGORICAL FUNDING

Entitlement Programs
- Formula driven
- Based on student characteristics: ELS, Special Education, EIA

Incentive Programs
- K-3 CSR, English Language Acquisition Program for grades 4-8, Professional Development in Math and Reading, Principals’ Training Program

Discretionary or Competitive Grants
- Generally for specified period
- High Priority School Grants Program (HPSGP)
- Immediate Intervention/Underperforming Schools Program (II/USP)
- Advancement Via Individual Determination (AVID)
- Various technology programs
CATEGORICAL FUNDING

- Used for state or federal to control local spending decisions
- Unusually high number in California
- 1980 - 17 state-funded categorical programs
- 2004 – Over 233 state and federal
- 1980 – 2000 Per pupil funding increase 15%
- Categorical funding increased 165%
CATEGORICAL FUNDING

Consolidation of Categorical Programs

- Teacher Credentialing Block Grant
- Pupil Retention Block Grant
- Professional Development Block Grant
- Targeted Instructional Improvement Block Grant
- School and Library Improvement Block Grant
- School Safety Consolidation Block Grant

- No money out of top two
- Others 15% out – 20% in

Mega Item

- 1981 – About 72 categorical items
- Shift 10% in and 15% out
SPECIAL EDUCATION
FEDERAL FUNDING

CONGRESS’ BROKEN PROMISE
1991-2002
Promised 40% Authorization v. Actual Expenditures

<table>
<thead>
<tr>
<th>Year</th>
<th>Actual IDEA Spending</th>
<th>IDEA 40% Authorization</th>
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<tbody>
<tr>
<td>1991</td>
<td>$0</td>
<td>40%</td>
</tr>
<tr>
<td>1992</td>
<td>$5</td>
<td>40%</td>
</tr>
<tr>
<td>1993</td>
<td>$10</td>
<td>40%</td>
</tr>
<tr>
<td>1994</td>
<td>$15</td>
<td>40%</td>
</tr>
<tr>
<td>1995</td>
<td>$20</td>
<td>40%</td>
</tr>
<tr>
<td>1996</td>
<td>$25</td>
<td>40%</td>
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<tr>
<td>1997</td>
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<td>1998</td>
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<td>40%</td>
</tr>
<tr>
<td>2000</td>
<td>$45</td>
<td>40%</td>
</tr>
<tr>
<td>2001</td>
<td>$50</td>
<td>40%</td>
</tr>
<tr>
<td>2002</td>
<td>$55</td>
<td>40%</td>
</tr>
</tbody>
</table>

$0  $5  $10  $15  $20  $25  $30

Actual IDEA Spending
IDEA 40% Authorization
SPECIAL EDUCATION FUNDING

INCREASE IN THE NUMBER OF CHILDREN WITH AUTISM
IN US PUBLIC SCHOOLS*

* Source, U.S. Department of Education.

** In the U.S., the number of children identified with autism rose from 12,222 in the 1992-1993 school year to 78,717 in the 2000-2001 school year, an increase of 644%.